

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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How Airbus pipped Boeing in Turkey deal, Page 20



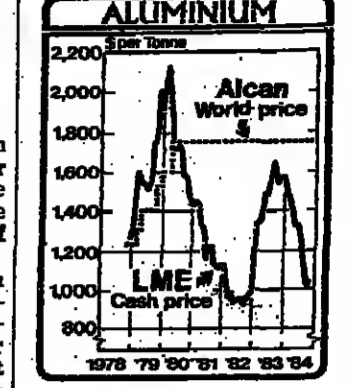
Table of exchange rates for various currencies including Schilling, Deutsche Mark, Swiss Franc, and others.

## Fresh talks likely in UK coal dispute

Fresh talks between Britain's National Coal Board and the National Union of Mineworkers are to be arranged tomorrow amid indications that the national strike called by Nacods, the pit supervisors' union, from 8am tomorrow may be suspended or called off.

## Army rings townships as Pretoria arrests 350

THE SOUTH AFRICAN army yesterday took a new and controversial role in internal security as a combined force of 7,000 soldiers and police sealed off three black townships near Johannesburg as part of a campaign to end a wave of unrest. The first target was Sebokeng, 40 miles (64 km) south of Johannesburg.



ALCAN set to abandon reference metal price. By Ian Rodger in London. ALCAN ALUMINIUM's world price (AWP), long the chief reference for aluminium contracts, is about to disappear.

## Spain sets date for Nato vote

Spain's Prime Minister, Felipe Gonzalez, said he would try to bring Spain's status in Nato but at the same time cut back U.S. military bases in the country.

## Acquino charge

Gen Fabian Ver, chief of the Philippine armed forces, will today be accused of conspiring in the murder of opposition leader Benigno Aquino and in a subsequent effort to conceal evidence.

## EEC checks urged

The European Community's Court of Auditors called for tighter controls of Community farm subsidy payments and stiffer penalties for fraud.

## Illegal fleet

A Spanish trawler that sank on Saturday after being fired on by an Irish navy vessel was one of more than 100 Spanish ships that regularly fish illegally in EEC waters.

## Unesco budget

Unesco has for the first time approved a budget plan based on zero real growth, a decision that might affect the U.S. decision to withdraw from the UN agency at the end of this year.

## Salvador killing

A right-wing death squad in El Salvador abducted and killed the 14-year-old son of a union leader as a warning to the man to halt his union activities, the U.S. embassy said.

## British North Sea oil price cuts postponed until Opec talks finish

LEADING oil producers in the British sector of the North Sea are awaiting the outcome of the Organisation of Petroleum Exporting Countries' full emergency conference next week before agreeing to any reduction in their prices for crude. Oil ministers of six Opec member states ended their consultations in Geneva yesterday with unanimous agreement that the organisation should cut collective output in defence of the existing price structure based on \$29 for a barrel of Arabian Light.

## Objections force ITT unit to delay Hungarian deal

STANDARD Elektrik Lorenz (SEL) of West Germany has abandoned hopes of making early delivery to Hungary of electronic telephone exchanges, in the face of firm U.S. opposition to the deal. Unanimous approval would have been needed from Cocom, the Western committee that vets trade with Communist countries, to allow SEL to go ahead with export before 1988.

## Sweden raises taxes in attempt to slow imports and boost jobs

THE SWEDISH Government last night launched a package of tax increases and job creation measures aimed at restraining domestic consumption and slowing the expected sharp rise in imports in 1985. A tightening of economic policy followed publication of the latest forecast from the country's National Institute for Economic Research, which points to a marked deterioration in Sweden's balance of payments current account next year.

Table listing contents of the newspaper, including Europe, Companies, America, and various news sections.

Advertisement for Bell's Scotch Whisky, featuring the text 'Follow the Leader' and 'the quality scotch' along with an image of the whisky bottle.

Arabic text: ما كنا من الاصل

# EUROPEAN NEWS

## Explosive force of French pride crosses political frontiers

BY DAVID MARSH IN PARIS

"AH, c'est magnifique!" exclaimed President Charles de Gaulle in September 1966, watching one of an inaugural series of atomic bomb explosions at France's test centre on the Pacific atoll of Mururoa.

The Socialist Ministers now running France may not be quite so boisterously enthusiastic about the country's atomic deterrent, now the world's third-ranking nuclear armory.

But the Government is making clear that, in spite of the political changes over the 25 years since France exploded its first A-bomb in the Sahara in 1960, the fundamental policies behind the force de frappe (or dissuasion as it is now more politely called) remain essentially Gaullist in spirit.

The Left-wing Government in charge of de Gaulle's nuclear heritage is committed to a major programme of developing and modernising it and shares the same pride in presiding over technological achievement.

Satisfaction over building up a nuclear strike force independently of the U.S., from which French nuclear pioneers faced steady opposition during the 1950s and 1960s, is a sentiment felt almost as strongly now as in de Gaulle's day.

An opinion poll carried out for the Ministry of Defence concluded that 72 per cent of French people believed that the atomic arsenal was essential for the country's defence. The support rate was up from 67 per



cent in a similar survey a year ago, with the rise in popularity particularly marked among young people.

M Laurent Fabius, the Prime Minister, underlined how the Socialists are keeping faith with Gaullist doctrine when he pledged the "independence without concessions" of the nuclear deterrent in a speech before the National Defence Studies Institute last month.

While rejecting the path of "over-arming" adopted by the super-powers, he insisted on the need for continued modernisation, above all to keep up with Soviet missile defence efforts. He stressed the impulse given to France's civil atomic power efforts by its military work, echoing a favourite theme of France's ballistic missile engineers who point to the non-military spin-offs in space technology.

And he paid tribute to de Gaulle (along with the pre World War I Socialist hero Jean Jaures) as one of the "great precursors" of French defence policies.

The same homage to the General was paid by M Charles Hernu, the Defence Minister, at a ceremony last week marking the 20th anniversary of the bringing into operation of France's Mirage IV nuclear bomber squadrons.

M Hernu—who has surprised many on the Right by maintaining practically untouched the French nuclear commitment

to military nuclear research was given by M Pierre Mendès-France, the Socialist Prime Minister, in 1954.

Engineers at the state nuclear energy commission, the Commissariat à l'Energie Atomique (CEA), had already started construction of plutonium-producing reactors and carried out research into the complex mechanics of triggering a fission explosion.

But the bomb effort was given political drive, symbolic content and most important of all, money, only when de Gaulle returned to power in 1958. "De Gaulle said the 1960 explosion was a diplomatic instrument," said Gen Albert Bouchalet, the wartime parashutist who in 1955 became head of the covert military applications division set up within the CEA. "He wanted France again to sit at the table of the great powers."

The U.S. refusal to supply France with technology to build nuclear reactors for powering ballistic missile-carrying submarines was "so much the better for us," said M Bertrand Goldschmidt, long the head of international relations at the CEA, who has played a key role in the last three decades of French nuclear wheeling and dealing.

"The British (who were given access to American submarine reactor technology in 1968) became tied up with the U.S. We had to learn how to build a pressurised water reactor ourselves—and one of the results is that 55 per cent of France's electricity is now produced from nuclear power."

The chronic instability of Fourth Republic governments led to a political paralysis which was clearly exploited by the bomb-makers. "I could sense the anarchy of the state, the difficulty governments had in making decisions," said Gen Bouchalet. Chosen to head the

## Abuses in 117 states documented by Amnesty

By Stephen Gray

SPIES HAVE infiltrated human rights networks in many countries to disrupt communications and identify workers, Amnesty International said in its annual report, released yesterday. Workers in some countries had been assassinated, it said.

The report, which covers 1983, documents cases of human rights abuses in 117 countries. More than 500,000 Amnesty members had pressed for the release of 5,000 individuals in 1983 who were known or possible prisoners of conscience. Relief amounting to £202,588 was disbursed to the families of prisoners.

Grouping countries by region, Amnesty expressed particular concern about systematic and widespread torture in the European section, where more than 21,000 political prisoners were held in military prisons.

In the Soviet Union, Amnesty had information on 400 prisoners whom it knew or believed to be held only for non-violent exercise of human rights, many of them for the practice of their religion. It believed, however, that the total was much higher.

In Western Europe, the organisation expressed concern about the jailing of conscientious objectors to military service in France, West Germany, Greece, Hungary, Italy and Switzerland. These prisoners, it said, had been given no chance to provide an alternative service.

Closer to home, it said it was studying a series of shootings in Northern Ireland to try to assess charges that the British Government had a deliberate policy of having suspected guerrillas killed.

In the Americas, Amnesty details cases in El Salvador and Guatemala in which security forces were involved in a large-scale programme of killings, mutilation and the disappearance of men, women and children, sometimes en masse.

Amnesty International Report 1984, 15, Roberts Place, London EC1R 0EJ.

## Greek visitor pleases Poles

WARSAW — Mr Andreas Papandreu, the Greek Prime Minister, yesterday completed talks in Warsaw which were described by the Polish authorities as a model for East-West co-operation.

Mr Papandreu, the first Western leader to visit Poland since martial law was declared to suppress the Solidarity trade union in 1981, had two rounds of discussions with Gen Wojciech Jaruzelski, the Polish Prime Minister, and also met President Henryk Jablonski.

The talks were hailed by Poland as evidence that its three years of diplomatic isolation from the West are over.

PAP news agency said there had been a similarity of views although the two countries belonged to opposite military groupings.

## German refinery moves to Asia

BY ANDREW TAYLOR IN LONDON

A MAJOR West German oil refinery is to be dismantled and sold in a developing country where it will be reassembled.

Negotiations to acquire the 120m barrels a day Speyer refinery have been concluded by the same international group of engineers which earlier this year acquired the former Esso refinery at Milford Haven, south Wales.

The Speyer refinery, about 15 miles south of the Mannheim-Ludwigshafen area, is owned by Elf and BP. It was built in 1978 and closed earlier this year, because of over-capacity in the refining industry.

The refinery is expected to be shipped to southern Asia where it will be reassembled.

Work on dismantling the Esso refinery at Milford Haven is already under way. It is being transported to Ajman in the United Arab Emirates where it will be rebuilt.

The purchases have been arranged by Mediterranean Enterprise for Development and Projects (MEDP) and the Delta organisation. MEDP, which has its head office in Lugano, Switzerland, specialises in buying large redundant plants such as power stations, oil refineries and steel works. It seeks to relocate these plants with clients in developing countries, mostly the Middle East.

The company has offices in about 20 countries and is financed by several Middle Eastern states including Iraq, Saudi Arabia and the United Arab Emirates.

Delta which has its head office in Cardiff is a project management group specialising in the petrochemical industry.

Mr Manshar Sheikh-Kadir, who heads MEDP's London office, declined to name the likely customer for the Speyer plant. He said for Delta MEDP would be rebuilding a refinery which would cost around \$800m to construct new.

Mr Ken Jones, Delta's chairman, said that by purchasing existing plant, rather than commissioning new works, developing countries could achieve savings of more than 50 per cent "even after taking ac-

count the costs of dismantling, shipment and reassembly."

The Speyer refinery is 75 per cent owned by Elf. The remaining 25 per cent is held by a BP subsidiary, although BP ceased to be operationally involved in the works 18 months ago.

Ventech International of Pasadena, Texas, advised Elf during the negotiations. Ventech has been retained by Delta/MEDP to help coordinate the dismantling of the refinery.

Delta/MEDP is investigating a number of other deals and is currently negotiating to provide a 100,000 barrel-a-day refinery for a second Gulf state.

## Finnish coalition survives its first test at the polls

BY LANCE KEWORTH IN HELSINKI

FINLAND'S LOCAL government elections, held on Sunday and Monday, have failed to produce the expected significant shifts in party strengths. As the first official indicator of public reaction to the four-party government formed after the March 1983 general election, the polls had a broader interest than usual.

In the event, the internal political situation showed marked stability. The Social Democrats, the largest government party, won 24.8 per cent of the votes, two percentage points down on the general election. The Centre (Agrarian) Party did well with 20.2 per cent (up 2.5 points), the populist Rural Party fell to 5.3 per cent (down 4.4), and the

Swedish People's Party was steady at 5 per cent.

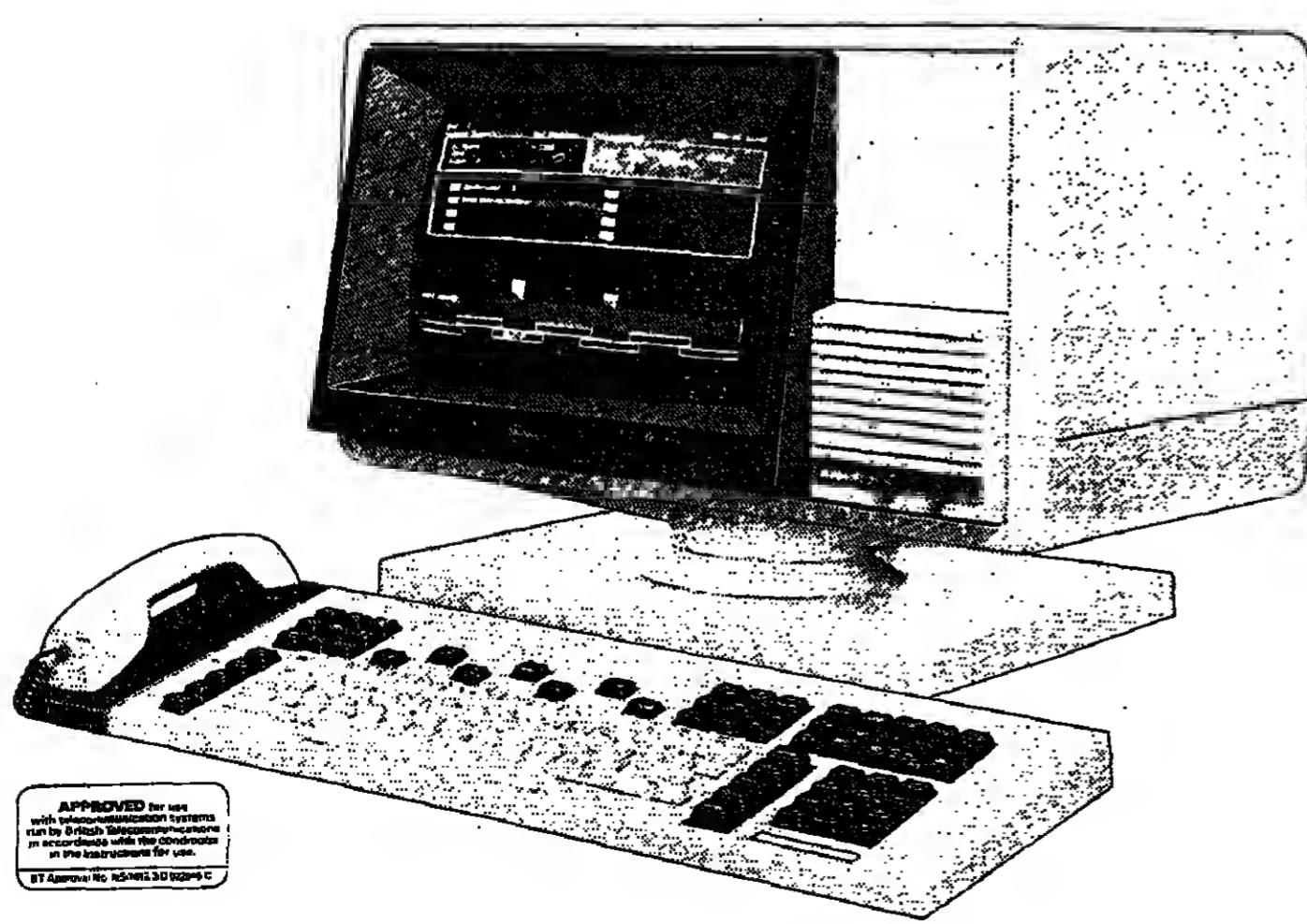
The biggest opposition party, the Conservatives, held its own with 23 per cent (up 0.8), confounding the pollsters.

There had been considerable doubt about the fate of the other two main opposition parties. The Communists were so badly split between the "European" majority and the "Moscow" minority that for the first time they entered separate lists in 12 communes. But the party as a whole held its position, with 13.9 per cent.

Pre-election opinion polls suggested that the "Greens" would gain so strongly that they might qualify for inclusion in the cabinet, but they only won 2.9 per cent of the votes (up 1.5).

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EUROPEAN NEWS

European security 'think tank' proposed by UK

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

BRITISH MINISTERS would like to create a "think tank" on European security and arms control matters as part of a revived Western European Union.

Sir Geoffrey Howe, Britain's Foreign Secretary, and Mr Michael Heseltine, Defence Secretary, are expected to put the idea forward when they meet their colleague ministers from the seven nations of the WEU in Rome on Friday.

The Rome meeting is formally to celebrate the 30th anniversary of the WEU. However, its chief interest will be the minister's decision to relaunch the inactive organisation as a vehicle for discussing European security issues within the Atlantic alliance.

British officials have canvassed the think-tank idea as a solution to the problem of the WEU's two committees: The Arms Control Agency,

formed to monitor German rearmament, long ago ceased to have any real purpose, while the work of the Standing Armaments Committee in furthering arms co-operation has, in the view of Britain, been superseded by Nato bodies such as the Independent European Programme Group.

British officials believe that the two committees should be merged. Together, they have some 70 staff who could produce advice on a wide range of European security issues including arms control and co-operative weapons production.

The British initiative, however, may not be entirely welcome to its allies. Although the Netherlands may agree, France, Belgium and West Germany appear to want a more substantive role given to the committees.

Journalist's jailing strains Franco-Soviet relations

BY DAVID HOUSEGO IN PARIS

FRANCE'S RELATIONS with the Soviet Union have been seriously strained by the 18-year prison sentence imposed by an Afghan court on a French television journalist.

M Laurent Fabius, the Prime Minister, said yesterday he would boycott Friday's celebrations at the Soviet embassy of the 60th anniversary of the resumption of Franco-Soviet relations. The strong French reaction reflects the wide public indignation at the sentence imposed on M Jacques Abouchar, a well known journalist on France's second television channel, Antenne 2, who was

caught shortly after crossing the Afghan frontier from Pakistan.

M Abouchar was on a reporting assignment with the Afghan resistance movement when the lorry in which he was travelling was ambushed by Afghan and Soviet troops. The other members of his crew managed to escape.

In a further move that reflects the public outcry in France against the prison sentence, the normally orthodox French Communist Party announced that it was suspending relations with the Afghan Communist party.

Record stocks in Czech economy

BY LESLIE COLTIT IN BERLIN

THE LEVEL of accumulated stocks in the Czechoslovak economy rose 35.6 per cent over the past five years to reach a record 461bn koruna (\$67bn) at the end of last year, according to the Czechoslovak Communist daily Rude Pravo. The newspaper noted that the growing number of unfinished and delayed projects in the economy had led to a one-third rise to koruna 140bn in the amount of non-invoiced work and deliveries.

Unsold products made up one-third of all stocks. Two-thirds of stocks held by industry were in the engineering sector which has recently been the target of sharp

government criticism. The share of overall stocks as a proportion of national income used - roughly equivalent to gross national product - increased from 73.1 per cent in 1975 to 95.1 per cent last year.

Czechoslovakia's leading electronics company, Tesla, is said to have produced unfinished stocks worth more than koruna 12m in the first six months of this year or 50 per cent more than permitted. Less than 80 per cent of Tesla's orders were fulfilled. The company's problems were attributed to the poor technical standard of production, obsolescent equipment and an uneven flow of supplies.

Mitterrand in London amid tight security

By Robert Mautner, Diplomatic Correspondent

PRESIDENT Francois Mitterrand of France, arrived in London yesterday for a four-day visit, amid greatly increased security following the Brighton bomb attack against the UK Government earlier this month.

Outside Victoria station, where President and Mme Mitterrand, were met by the Queen, Prince Philip, Prince Charles and Mrs Margaret Thatcher, the Prime Minister, roads were sealed off for more than an hour before the arrival of the royal train from Gatwick.

Police were posted on the rooftops surrounding the station and scanned the crowds with binoculars, as the French national anthem was played and President Mitterrand inspected a guard of honour of the 1st Battalion Grenadier Guards. Police officers, some of them mounted, lined the streets and helicopters hovered over the ceremonies.

At Gatwick Airport earlier, where M and Mme Mitterrand were met by the Duke and Duchess of Kent, security was also tight.

Though President Mitterrand's visit is mainly a ceremonial and symbolic occasion, he is due to make an important speech to both Houses of Parliament today and will also have talks with Mrs Thatcher. President Mitterrand, who will be addressing the British Parliament on the 80th anniversary of the "entente cordiale" between France and Britain, is expected to stress the need to give a new impetus in European co-operation.

At their Downing Street meeting, which will be no more than an hors-d'oeuvre to the full-scale Anglo-French summit next month, the two leaders are also expected to have an exchange of view on the enlargement of the European Community and the problem of the Falklands.

President and Mme Mitterrand who, yesterday, were the guests of the Queen and the Duke of Edinburgh both at lunch and at a state banquet at Buckingham Palace, will also be the guests of the Lord Mayor and Corporation of the City of London at a banquet in the Guildhall, tonight.

At his own request, M Mitterrand will visit Dartmouth tomorrow to commemorate the occasion 40 years ago when he flew to occupied France as a member of the French Resistance

Italy puts up shutters against tax proposal

BY JAMES BUXTON IN ROME

MOST SHOPS in Italy were closed yesterday in an unprecedented protest by their owners against tax proposals intended to reduce tax evasion.

In many cities only the biggest stores and the country's few supermarkets were open. Almost all bars and cigarette shops took part in the action. In Rome, participation was almost total, with the result that traffic flowed swiftly for the first weekday in recent memory.

About 1m shopkeepers are believed to have taken part in the action, the overwhelming support for which is a strong

warning to Sir Bettino Craxi's government not to press on with the tax proposals. Although formally approved by the cabinet, they have been criticised by parties in the ruling coalition which fear the loss of the shopkeeper's vote.

However, Sig Bruno Visentini, the 70-year-old Minister of Finance who drafted the proposal, has said he will resign if the Bill is substantially amended—a move which could easily bring down the Government.

Under the proposals tax inspectors would assess the pro-

fit margin of shopkeepers on the basis of their turnover, so that they should already pay value added tax. The system of paying VAT would be changed to the shopkeepers' disadvantage and other tax loopholes would be closed. The measure is expected to raise an extra L10,000m (£4.3m) in tax revenues next year.

The shopkeepers argue that the proposals would drive them out of business—many shops yesterday displayed the slogan: "We are closing today so as not to close for ever." They argue

that the methods the tax inspectors would use against them are unfair.

The vast number of small shops and the relatively few supermarkets and hypermarkets are basic facts of Italian life. The housewife goes shopping every day, calling at several shops to buy fresh food.

But there is little doubt that the shops evade tax on a large scale. Shopkeepers in 1983 declared average incomes of L4.6m (£2,900), less than the average income declared by their shop assistants who said they earned L10.5m a year.

Shopkeepers often tell the tax man that their businesses are running at a loss. Investigations usually reveal incomes that bear little relation to those declared.

As a class, shopkeepers enjoy little sympathy from most Italians. The country's wage-earners are among the highest taxed in Europe and increasingly resent the suspected tax evasion of the small businesses and the self-employed. The unions have made the fight against tax evasion one of the key conditions for co-operation over wage restraint.

Big gas strike off Norway

By Fay Gjester in Oslo

AN IMPORTANT gas discovery has been made off Norway's northern coast by Statoil, the national oil company, in a well which also yielded the first oil found north of the Lofoten Islands.

Test results on well 7121/4-1—the most northerly yet drilled on Norway's continental shelf—yielded maximum flows of 845,700 cubic metres of gas per day, plus small amounts of condensate.

Statoil believes the find, which it has dubbed "Snow White," will double recoverable reserves of gas in the Tromsø Patch area off the north coast, bringing them to between 300bn and 350bn cubic metres.

The well penetrated three hydrocarbon reservoirs; two containing mainly gas and one, between the other two, containing a thin oil zone as well as gas. All three were tested.

UK upset by Alfonsin's Strasbourg request

BY OUR DIPLOMATIC CORRESPONDENT

BRITAIN HAS reacted angrily to the decision to allow President Raul Alfonsin of Argentina to address the European Parliament in Strasbourg today.

A Foreign Office spokesman yesterday described the Argentine request for Mr Alfonsin—currently on a visit to France—to address MEPs as "inappropriate."

"Not only does Argentina not have any diplomatic relations with one of the member states of the Ten (Britain), but it has still not declared a definitive cessation of hostilities with that member state," he said.

However, the Foreign Office has not objected to the European Parliament directly. Clearly anxious to win the support of the other Community member states in the vote on the Argentine resolution on the Falklands due to take place in the United Nations General Assembly next month, the Foreign Office drafted the EEC for its consistently "realist approach" to the Falklands problem.

On several occasions the European Community had made proposals to previous Argentine governments for the normalisation of economic and commercial relations with Britain, it said. Britain itself had welcomed the return of democratic rule in Argentina and had

ATTACK ON PROTECTIONISM

PRESIDENT Raul Alfonsin of Argentina yesterday made a strong attack on what he claimed was growing protectionism by Western industrialised countries, writes Paul Betts in Paris.

Speaking during his visit to France, he renewed his call for more equitable "international economic order." He added: "While our requirements of foreign exchange to pay the service of our debt are increasing, the difficulties we confront to sell our products abroad are becoming more and more acute."

He was addressing the session of the governing council of the International Fund for Agricultural Development, the financially

troubled United Nations agency which was still striving yesterday to find a compromise between Opec and OECD member countries over funding its activities for 1985-87.

Sr Alfonsin has also been discussing with French bankers and monetary officials the rescheduling of Argentina's debt with the so-called Paris Club of Western creditor countries.

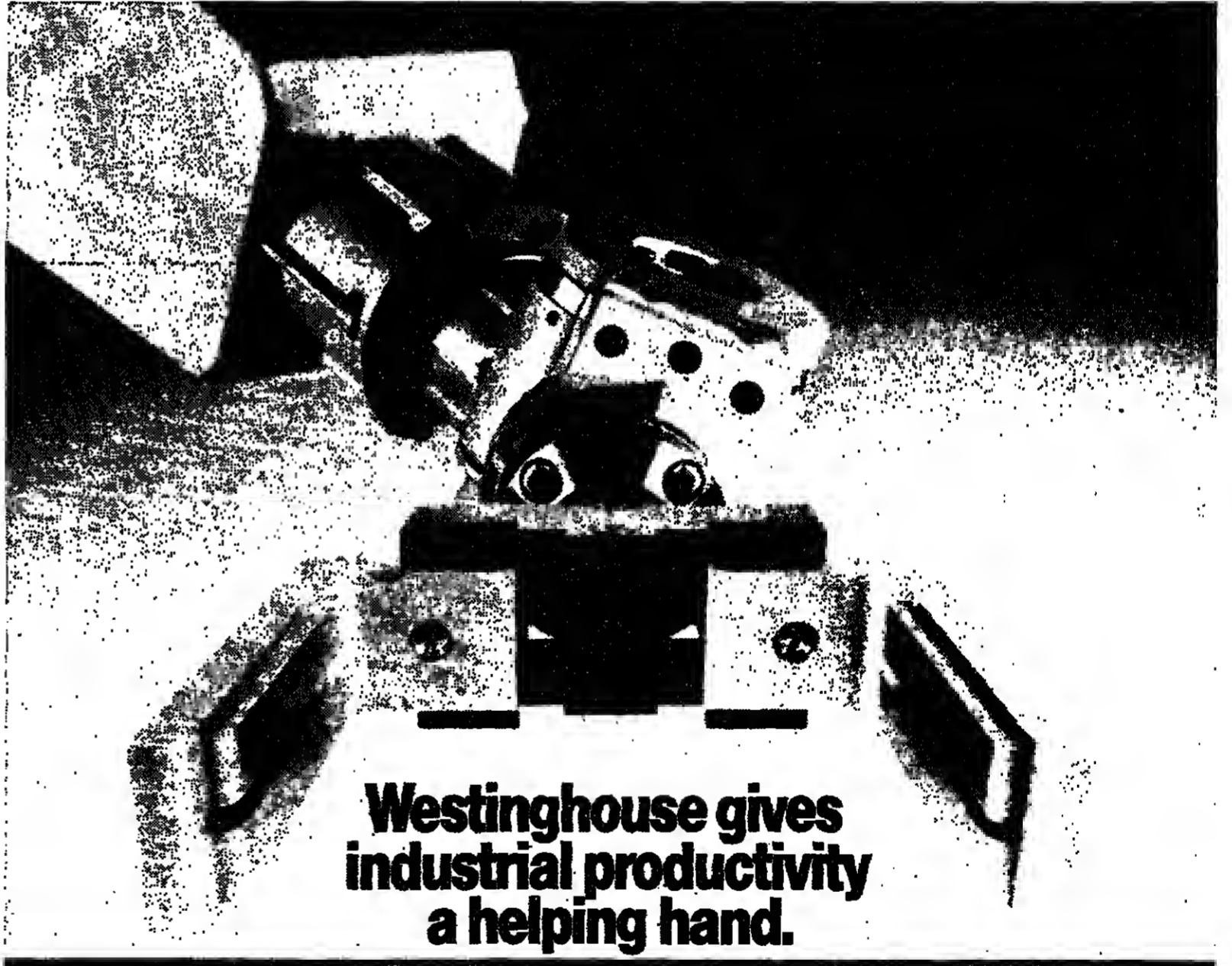
He claimed he had not asked President Francois Mitterrand to mediate with Mrs Margaret Thatcher on the Falklands during the French leader's current official state visit in the UK. He renewed his intentions to seek a diplomatic solution to the issue.

as Italy and Greece, and possibly France, might vote for the Argentine resolution at the UN, was clearly reflected in the spokesman's statement.

"It appealed to 'our friends' not to pursue unrealistic objectives. It also expressed the hope that Sr Alfonsin's visit to Europe would confirm to him that his predecessor's brutal invasion of the Falklands could not be ignored.

The way ahead for the Argentine President was for him to declare a definitive cessation of hostilities and to work on a realistic basis for normal relations with Britain. He should acknowledge that the Falkland islanders, like the Argentine people, also had the right to live under the government of their own choosing.

It is highly probable that Mrs Margaret Thatcher, the Prime Minister, will raise the question of the EEC member states' attitude towards the Argentine resolution on the Falklands, which has still to be finally formulated, in her talks with President Francois Mitterrand of France in London today.



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OVERSEAS NEWS

Law and order triumphs over softly, softly in South Africa

BY ANTHONY ROBINSON IN SEBOKENG

THE SOUTH African Government's decision to seal off the black townships with a combined army and police force of 7,000 men with automatic weapons and armoured personnel carriers highlights in the most forceful way its determination to restore law and order after nearly two months of rioting, death and unrest.

All the victims have been planned in total secrecy by top officials from the Ministries of Law and Order, Defence and Education and Training, and was carried out with great efficiency in the early hours of yesterday morning.

As young conscript troops and men from the elite anti-insurgency unit took up positions around the townships and along the main internal roads, eight-man groups of police methodically knocked on every door, demanded residence and other permits, searched for hidden arms, illegal liquor, pornographic material — and above all for what Mr Louis Le Grange, Minister of Law and Order, described as "revolutionary... criminal and intimidatory elements."

Sebokeng, Sharpeville and



Troops line street in Sebokeng township yesterday while police searched houses.

other black townships are on the veldt surrounding Johannesburg. A long with other industrial cities in the Transvaal and the Eastern Cape, they have erupted into violence over the last six weeks. More than 80 people have died and R50m (£23m) worth of damage has been caused by widespread arson, looting and stone throwing.

All the victims have been black—with the sole exception of one three-week-old child whose mother's car was stoned two weeks ago as she was taking her maid home. The maid's home was in Sebokeng—but a police spokesman strongly denied that Sebokeng had been chosen first in the Government action in vengeance for the child's death.

Rather, police said, it was because Sebokeng has been one of the most violent and unruly centres of black unrest in recent weeks. The unrest has been sparked off by a combination of factors, including resentment at the exclusion of blacks from the new tricameral constitution introduced last month, anger at rent rises without consultation, at rising unemployment and overcrowding in the townships and above all at the state of black education. New rules which place an upper age limit of 21 years on school attendance have forced many black youths to face the prospect of banishment to be inhospitable "black independent homelands."

For the Afrikaaner-dominated Nationalist Government led by President P. W. Botha, the challenge in the townships has been compounded by the adverse international publicity generated by the six later three anti-apartheid activists occupying the British consulate in Durban and the boost to anti-apartheid forces inside South Africa provided by the award of the Nobel peace prize to Bishop Desmond Tutu.

The new constitution, as deserving of international praise by the Government, which had braved an internal split within Afrikaner ranks to bring it forward, was conceived partly to indicate that South Africa was moving away from the old concepts of total white supremacy and racial segregation.

The Government has curbed "petty apartheid" in sport and other areas, blacks and coloureds have been allowed into increasingly skilled and better paid jobs, and job preferences for coloureds in the Cape province have ended. Better housing and other opportunities for blacks and educational concessions allowing

black students to set up their own student representative committees are all indications of a greater flexibility and an awareness of rising black expectations and numbers.

Internationally, South Africa has also moved to seek a more cooperative relationship with its black neighbours as shown by the Nkomand accord with Mozambique and the Pretoria declaration of October 3 under which South Africa agreed to act as "honest broker" to try to bring about a ceasefire between the Mozambique Government and the rebel Mozambique National Resistance.

The Government has also un-

hanned the outspoken Afrikaner cleric Beyers Naude, who in the orthodox Afrikaner tradition with his insistence that apartheid was and is a heresy.

But the list of Government achievements and concessions has been seen as too little, too late, by many of the official and unofficial spokesmen for the black and coloured communities. A new, active and organised opposition has grown up over the past 12 months in the shape of the United Democratic Front (UDF)—a loose umbrella organisation claiming 645 affiliates and 2m supporters. It organised a successful boycott of the coloured and Indian elections and is now campaigning for an end to military conscription and demanding that the Government abandon apartheid and sit down with the black and coloured communities to work out a new multi-racial, unitary South Africa, before the existing system is overwhelmed by violence.

But negotiating an end to white political and economic hegemony is not on the Government's agenda. Instead, the Government has hinted at a possible ban on the UDF or the forcing on military conscription on non-white present activists. It has ordered a 40 per cent increase in the police force to 68,000 men over the next decade, and told the army to prepare for a support role in internal security matters.

Yesterday's combined operations are the first fruit of that new strategy. They will almost certainly not be the last.

Split Aquino report spells more trouble for Marcos

By Chris Sherwell and Emilia Tague in Manila

THE FULL scale of the political dilemma confronting President Ferdinand Marcos over last year's assassination of Philippine opposition leader Benigno Aquino burst into the open last night with the publication of the findings of two separate reports on the killing.

Weeks of inconclusive wrangling preceded yesterday afternoon's revelation of a minority report by Mrs Corason Agrava, the chairman of the five-member investigating panel. Later, details emerged of the sensational findings of the other four members of the panel.

The differences between Ver, chief of the country's armed forces, in the military conspiracy which all five panelists agree existed. Such a conspiracy, particularly if proved to involve senior officers, threatens trouble for Mr Marcos because the military has been a solid mainstay of his 19-year autocratic rule.

On the face of it, Mrs Agrava's finding that it was a low-level plot and the split in the panel seem to offer Mr Marcos an opportunity to limit the political damage caused by the conspiracy revelation.

Immediately on receipt of Mrs Agrava's report yesterday, Mr Marcos announced that those indicated would be tried in a civilian court, "after preliminary investigation," a process that could take some time.

He later made an emotional nationwide broadcast urging support for the due process of law. He said the "probable indictment" of some men in uniform would not dishonour the military.

At the same time, Brig Gen Luther Custodio, the most senior officer named by Mrs Agrava and the man responsible for Mr Aquino's security, when he returned to Manila, issued a statement through the presidential palace protesting his innocence.

There were also further allegations yesterday that members of the inquiry had sought to influence witnesses' testimony through material inducements.

The naming of Gen Ver in the majority report means that President Marcos must now decide whether to "treat" this report equally with Mrs Agrava's findings. Yesterday he pointedly referred to her report as "final," suggesting that he would prefer to play down the more sensitive majority verdict.

But in the international reaction could yet dictate otherwise, however.

Mrs Agrava attempted in her report to exonerate Gen Ver, both of responsibility for and direct involvement in the killing. This was the basic cause of the irreconcilable split in the panel and makes her statement yesterday that the final differences were minor seem disingenuous.

"It should not be difficult to conclude," she argued, "that the administration, including Gen Ver, could not be held responsible for the criminal plot, because it was neither consistent with the Government's original basic policy of keeping Aquino away from the Philippines, nor later on with the change of that policy to a directive for his arrest."

She states that the high command could not have had any conspiratorial complicity in the assassination. The report yielded nothing to show Gen Ver's participation in the plot; doubts over his testimony did not make him a plottor; and he could not be considered an accessory after the fact, she said.

What had really happened was that Gen Custodio had disobeyed an order from Gen Ver in sending Mr Aquino down one service cone which he was shot a few seconds later. It would be very difficult, she said to determine who was the "prime mover" in the plot.

In a pointed concluding note each President Marcos' own remarks yesterday, Mrs Agrava said she hoped that no reader of her separate report would construe the use of the word "military" as an unwarranted reflection on the armed forces. "In all military organisations," she said "there are bound to be some bad apples."

India plans for oil boost

BY K. K. SHARMA IN NEW DELHI

INDIA'S government-owned oil and Natural Gas Commission (ONGC) has prepared a 20-year plan for 1985-2005 to increase the country's crude oil production to 100m tons a year from the present 30m tons.

Announcing this yesterday, Col. S. P. Wahi, the ONGC chairman, said that the plan involved the maximum use of Indian-made machinery and establishment of infrastructure and industrial facilities in the country. Jack-up rigs, drill ships and other sophisticated machinery would be made in India for the first time.

Col Wahi said that ONGC has

been restructured in preparation for the plan. He said that crude oil production by ONGC in offshore and onshore fields in the first six months of the current financial year had reached 12.48m tons. He was hopeful of exceeding an annual production of 27m tons (another Government-owned company, Oil India, produces about 3m tons from its fields in Assam state).

The commission has taken up 17 new structures for exploratory drilling and of these 12 are on land and five offshore. New areas in various parts of the country are to be explored.

Israel rejects dollarisation plan

BY DAVID LENNON IN TEL AVIV

MR SHIMON PERES, the Israeli Prime Minister, and his senior economic ministers have rejected the idea of basing the planned economic recovery programme on dollarisation of the economy.

Presented yesterday with two options, one based on linking the economy to the dollar, and the other leaving it based on the shekel, the political leaders opted for a shekel-based recovery programme.

The proposal rejected yesterday called for "semi-dollarisation," which envisaged pegging

wages and prices to the dollar, while retaining the shekel as legal tender. The dollar was to serve as a "permanent monetary anchor," in the words of the Treasury.

In reality many transactions in Israel have been carried out in dollar terms for some time. Prices for everything from houses to babysitters are quoted in dollars, but paid for in the shekels at the prevailing exchange rate on the day of the transaction.

The options were drawn up by the Treasury and the Bank of

Israel which are working together on the details of the measures to be taken to halt the deterioration of the economy, especially inflation which is now running at an annual rate equivalent to 825 per cent.

The Government hopes to begin negotiations within a few days with trades union leaders and employers on a freeze in real terms on wages and prices. This is intended to be at the centre of the recovery programme which also envisages an additional U.S.\$500m cut in the budget.

Cost of grain surpluses forces China to devalue

BY COLINA MACDOUGALL

CHINA IS devaluing its currency against the U.S. dollar because the prices it pays the peasants for their fast-growing grain surpluses are higher than the prices it sells them on world markets.

Merchant bankers in Hong Kong closely involved in the China believe this is the chief reason for the slide from Yuan 1.98 to the dollar early this year to Yuan 2.70 this week, a fall of 37 per cent.

"At the old rate, Peking was paying the peasants the yuan equivalent of \$250 a tone for wheat and only getting around \$200 on the world market," one said.

"Either the Chinese corporation that exports cereals or the Bank of China was losing heavily."

At the new exchange rate, revenue from international grain sales will more than cover the cost of payments to the Chinese farmer.

The world-wide hardening of the IMF to reduce an unrealistically high exchange rate are also factors, but much less so, believe bankers in Hong Kong.

They acknowledge there have also been complaints from the U.S. textile industry that the high exchange rate was subsidising Chinese textile exports, but

argue that the grain factor is the key one.

The problem of surpluses has arisen because, with incentive payments, the grain harvest has risen from 50m tons in 1972 to an expected 39m this year. Yields are now among the highest in the world.

China is selling maize abroad for the first time since the 1950s. Earlier this year it exported 1m tons to Japan, the Soviet Union and South Korea, and is believed to have at least a 3m surplus on the 1984 crop.

North China peasants who used to eat maize have switched to wheat which with their higher incomes they can now afford. Without a livestock industry China has no means of using its maize domestically.

Rice surpluses, which in the past have been exported at the rate of 1m to 2m tons annually, are likely this year to be much larger. One province alone has more than half a million tons surplus.

China's wheat imports, around 10m tons annually, are not expected to be affected much, yet Peking still finds it easier to feed the eastern seaboard with imported wheat than to transport it on its overburdened railway system from the interior.

Japan's ruling party still divided over leadership

BY JUREK MARTIN IN TOKYO

WITH LESS than a week to go before candidates must declare themselves, Japan's ruling Liberal Democratic Party is still split over who, apart from the incumbent Mr Yasuhiro Nakasone, should run for the party presidency next month and how he should be selected.

Yesterday, after a brief but intermittently acrimonious session, the LDP's executive council, representing all its major factions, completely failed to resolve the divide between those who want the new leader chosen by negotiations and those who prefer an open ballot of party members and/or LDP MPs.

The focus of attention now shifts to meetings due to be held later this week between Mr Zenko Suzuki, a pivotal factional leader, and Mr Nakasone, and between Mr Suzuki and Mr Kakuei Tanaka, Mr Nakasone's prime backer and the most influential force in the party.

In effect, the LDP is now locked into a high stakes power game, with Mr Nakasone and Mr Tanaka holding the better cards but with their opponents trying to force them down into conceding a reasonable share of the post, which, in this case, means jobs and influence in the next government.

For all the apparent strength of his position, Mr Nakasone has blinked in the past few days. Initially last week he dismissed as "presumptuous" the negotiations option outlined by a group

of party elders, including four ex-prime ministers. But under fire for arrogance, he retreated and now says that though he prefers an election he has ruled nothing out.

Not for the first time in recent Japanese politics, a key role may be played by Susumu Nakaido, the wily middleman whose nominal position as LDP vice president distinguishes him by contacts with all elements of the party.

Mr Nakasone has publicly endorsed Mr Nakaido's attempt at mediation between the warring factions for his part, Mr Nakaido has previously backed another term for the Prime Minister.

Japan appears ready to lift its diplomatic sanctions against North Korea early next month, according to Foreign Ministry sources in Tokyo.

Mr Nobuo Matsunaga, the Vice Foreign Minister, went to Seoul last weekend to assure the South Korean Government that this did not preclude closer ties between Japan and North Korea.

However, reports reaching Tokyo from Seoul suggest that South Korea is wary of any improved contacts between Japan and the regime in P'yongyang. Such contacts are specifically proscribed by the diplomatic sanctions, imposed after last year's East-goon bomb atrocity.

Japan's ruling party still divided over leadership

Finance Ministry likely to reduce key interest rate

BY OUR FAR EAST EDITOR

SOME reduction in Japanese interest rates appears likely in the near future.

The Ministry of Finance appears intent on cutting the coupon on November's issue of 10-year government bonds from the current 7.1 per cent to 6.5 per cent.

This would pave the way for the long-term credit and trust banks to lower the long-term prime rate, currently 7.9 per cent, by a similar margin.

The MOF could run into opposition from the government bond syndicate. It is not uncommon in Japan for the syndicate to refuse to accept MOF's terms and for a monthly issue to be omitted.

However, because of lower

U.S. interest rates, the Japanese bond market has been strong of late. In September alone, according to a survey by Nihon Keizai Shinbun, the financial newspaper, the major "city" (commercial) banks were net bond buyers to the tune of ¥130bn (£540m), the first net purchase month in four and a half years.

Yesterday, prime 10-year government bond yields fell to the 6.9 per cent range. The rally was sparked by the sense that the worst of the decline of the yen against the dollar might be passed. (The Japanese currency, which fell below 250 to the dollar last week, closed at 247 yesterday.)

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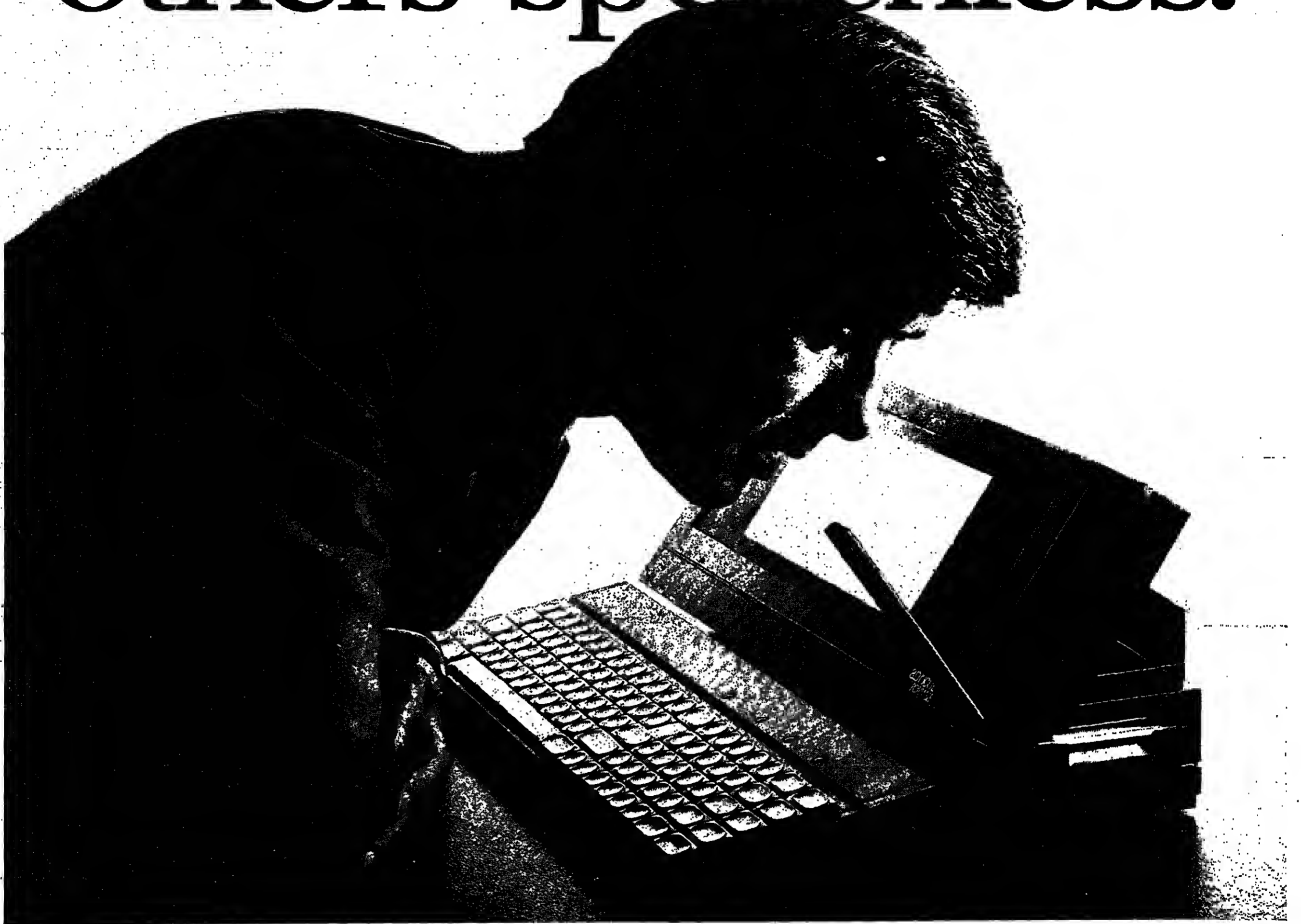
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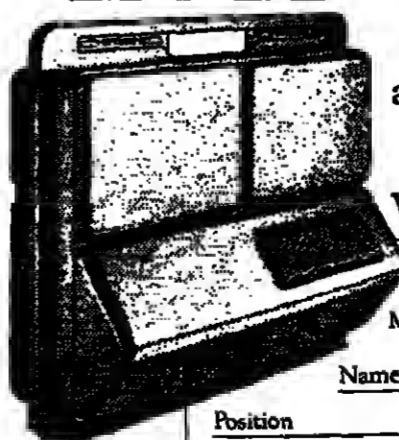
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Split Apple report spells more trouble for Mars

AMERICAN NEWS

Insults fly as Mondale and Reagan clash on foreign policy

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan and his Democratic challenger Mr Walter Mondale have continued to trade allegations about each other's competence to manage U.S. foreign policy in the wake of Sunday's debate.

"a low level draw. Both succeeded in avoiding hard questions. It was the public who lost. The Wall Street Journal remarked that 'the more we watch these 'debates,' the more they remind us of two guys on a construction site arguing about something they read in the morning's paper.'

But in the wake of the CIA briefing on Capitol Hill about the manual, the two senators differed about whether 'neutralised' implied assassination.

Ford and UAW agree on new car project

By Terry Dodsworth in New York

FORD MOTOR OF THE U.S. and the United Auto Workers' union have agreed to participate in the planning of a new small car for the North American market as part of the company's recently negotiated three-year wages contract.

Ford itself has been moving in the direction of importing smaller products from abroad following its decision earlier this year to invest heavily in a Mexican project.

However, in the longer term, the union agreement gives the company the opportunity to work on new production methods. This may help to bridge the competitive gap which has opened up between U.S. and Japanese car manufacturing.

Jamaica puts the tax squeeze on alleged marijuana dealers

BY CANUTE JAMES IN KINGSTON

EDWARD SEAGA, Jamaica's Prime Minister, has attempted to apply the squeeze to 25 of the island's alleged marijuana traffickers. They have been asked by the internal revenue service to pay \$5117m (£23m) in income tax.

Mr Seaga's tax policy placed donkeys and there is little attraction for residents in staying with traditional work, producing fruits and vegetables for local markets.

Mr Davis said however that only about \$175m actually made its way back into the Jamaican economy.

Mr Davis said however that only about \$175m actually made its way back into the Jamaican economy. The reply from the alleged traffickers was swift. Police said uncovered a plot, allegedly hatched by those who had been served the tax notices, to assassinate Mr Seaga. Nono has however been arrested.

But it is not only the big fish which gain from the marijuana industry. In the hills above St Ann parish, overlooking the island's famous North coast resorts, entire villages have undergone dramatic physical and economic changes.

Spreading residences have replaced the more humble peasant farmers' houses. Late model Japanese cars have re-



Mr Seaga... tax policy

The small coast guard cannot hope successfully to patrol the hundreds of coves and inlets used by traffickers both.

GM strike talks still deadlocked

BY BERNARD SIMON IN TORONTO

TALKS BETWEEN General Motors and striking Canadian car production workers remained deadlocked yesterday as the five-day stoppage brought an increasing number of the company's U.S. plants to a standstill.

GM's U.S. plants depend on the Canadian subsidiary for a wide range of components. According to a GM Canada official, Canada is the major supplier of V6 and V8 engines, transmissions, axles and trim.

Meanwhile, fears are growing that a prolonged GM strike will have a serious impact on the Canadian economy. Chase Econometrics of Toronto estimates that a three month stoppage will reduce this year's GNP growth rate by 0.25 of a percentage point, push the unemployment rate to around 12 per cent and cut the trade surplus by \$22m.

Nicaragua postpones deal on debt repayment

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

NICARAGUA has told its foreign bank creditors that it is to 'use immediately all available dollar resources' to purchase about \$8m (£6.7m) worth of insecticides and pesticides.

Nicaragua had no intention of repudiating its foreign debt or seeking an indefinite moratorium but 'regrettably had no choice but to invest every available dollar in securing next year's crops.'

Salvador death squads may seek to abort peace talks

BY DAVID GARDNER IN MEDUCA CITY

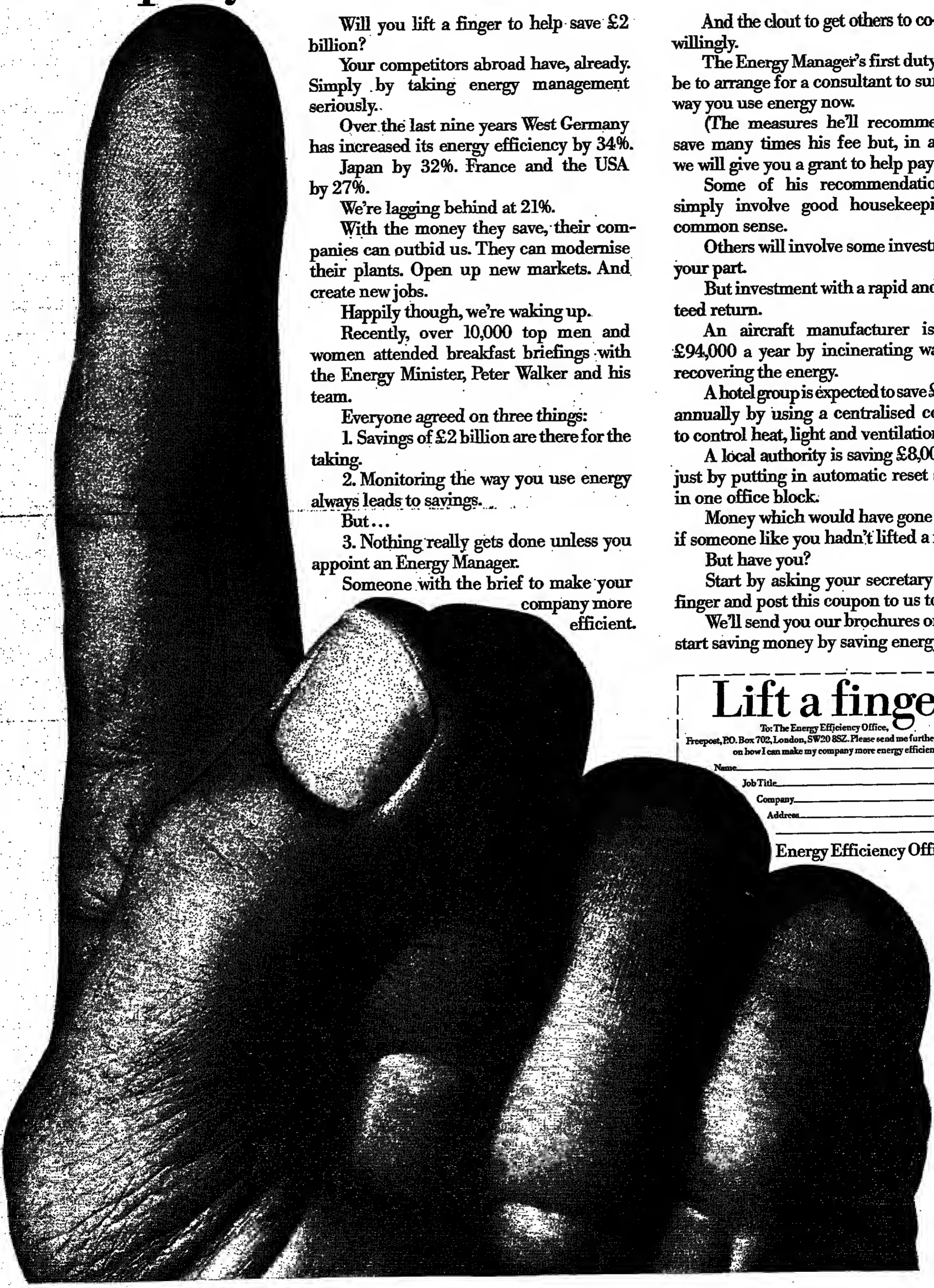
THE DEATH squad murder of the son of a Salvadoran peasant union organiser linked to the ruling Christian Democrats has raised fears that the far right may be trying to abort the tentative peace process begun last week in talks between President Jose Napoleon Duarte and left-wing insurgents.

Boris Montes, the 14-year-old son of Sr Alvaro Montes, a spokesman for El Salvador's largest peasant union the UCS, was kidnapped and murdered on Saturday. A note was pinned to his body warning his father to stop working for the UCS.

Advertisement for PEOPLE Express featuring an airplane cabin scene and a flight schedule table with routes like NEW YORK NON STOP £338.

Advertisement for Port of Rotterdam featuring a large bottle of port wine and text describing the port's location and services.

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WORLD TRADE NEWS

Belgium considers pulling out of Libya nuclear contract

BY PAUL CHEESRIGHT IN BRUSSELS
BELGIUM IS prepared to give up potential contracts for the design and construction of nuclear plants in Libya worth BFr 60bn (£780m) provided other countries in the EEC are willing also to forego nuclear contracts in Libya.

Ten refuse to bring forward tariff cuts

BY QUENTIN FEEL IN LUXEMBOURG
EEC MEMBER states yesterday refused to bring forward the next phase of Tokyo round tariff cuts to January 1, 1985, because of the failure of the U.S. Government to approve a similar move.

Countertrade data centre established in London

BY FRANK GRAY IN LONDON

COUNTERTRADE, which is gaining widespread acceptance as a vehicle for international commerce, won a further boost yesterday with the launch in London of a major international information centre for traders wishing to use barter to conduct their business.

expand their business activities rapidly and efficiently.
Batis said its purpose was to organise deals for its subscribers, but that it did not plan to act as a principal in the handling of bartered goods.

Latin America calls off talks with EEC

CARACAS - The 25-nation Latin American Economic System (Sela) has decided to suspend trade talks with the European Community because of lack of progress.
The organisation issued a statement yesterday saying the talks in Brussels, interrupted for a year after Europe imposed sanctions on Argentina during the Falklands war in 1982, could be resumed if there were signs of a solution to the differences between the two sides.

Arec and Fluor Mideast win \$2m Adco contract

BY ANGELA DIXON IN ABU DHABI
THE ABU DHABI Company for Onshore Operations (Adco) has awarded a contract worth about \$2m to provide engineering services for water injection facilities to enhance oil recovery from the Bu Hasa onshore oil field.

Iraqi contract dispute with Kier resolved

BY LYNTON MCLAIN

FRENCH KIER, the Essen-based international construction group and its Kuwait joint venture partner have received in full the \$13m held illegally by the Iraqi Government in a dispute over the Baghdad in Abu Ghraib road contract.

Fresh HK bid to reverse U.S. textile curbs

BY DAVID DODWELL IN HONG KONG

MR HAMISH MCLEOD, Hong Kong's Trade Director, is to fly to Washington at the weekend to renew pressure on the U.S. Administration to annual recently imposed curbs on textile imports.

Egypt and Jordan to set up development bank

BY TONY WALKER IN CAIRO

EGYPT AND Jordan have agreed to establish a development bank to fund joint projects in the fields of energy, petroleum, electricity and agricultural industries.

countries could be increased from U.S.\$20m (£16.7m) to U.S.\$100m.
Egypt and Jordan also agreed this week to establish a joint shipping enterprise to carry goods between the Jordanian port of Aqaba and ports on the Suez Canal.

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Guarantee Facility US \$ 18,750,000
Provided by a consortium between Arab Turkish Bank, Libyan Arab Foreign Bank, T.C. Ziraat Bankası
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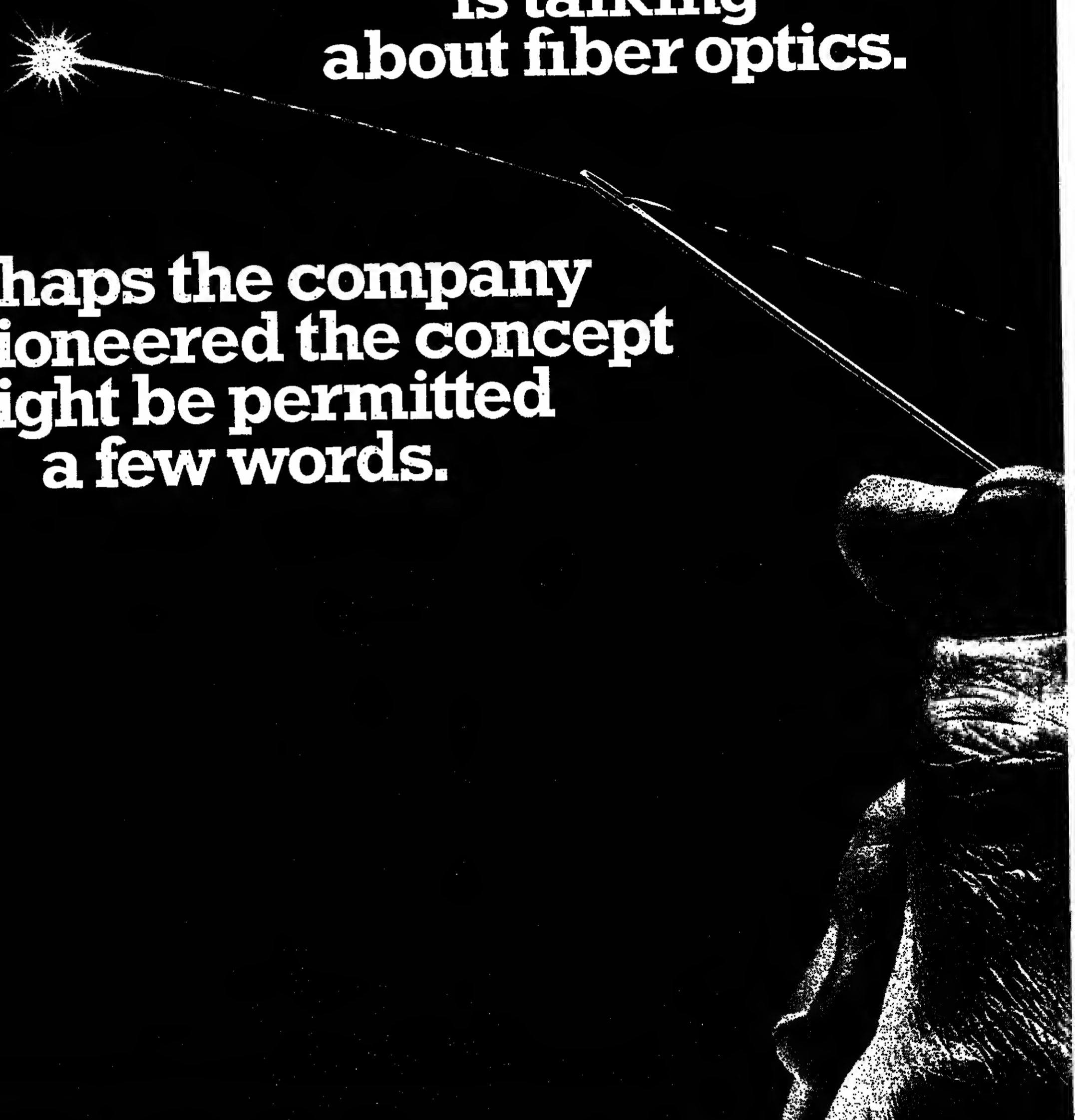
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هذا من الأصل



Everybody in telecommunications is talking about fiber optics.

Perhaps the company that pioneered the concept might be permitted a few words.



Fiber optics are almost commonplace today in high technology telecommunications. Twenty years ago, however, they were no more than a twinkle in the eyes of Charles Kao and George Hockham, two scientists working for ITT in Britain. In 1966, they brought together the infant technologies of laser beam transmission and cables made from glass, to create the concept of a fiber optics communications system.

For the first time, electric impulses in conventional cables could be replaced by

light impulses in microscopically small glass cables.

At that moment, a new era of telecommunications technology was ushered in.

Since 1966, almost every area of communication from telephone exchanges to cable TV, from undersea power cables to offshore platforms has made huge leaps forward thanks to fiber optics. And ITT has been at the leading edge of fiber optics technology all the way.

Today, ITT is producing optical fibers

with a core 1/6th the diameter of a human hair. These fibers allow billions of pulses per second to be transmitted over long distances, without distortion, and without the need for intermediate amplifiers or repeaters, previously necessary.

Fiber optics have come a long way since 1966. So has ITT.

The best ideas are the ideas that help people.



ITT is a European leader in a number of vital technologies and services. These include telecommunications and electronics for business and consumer products, automotive and industrial components, insurance and finance, publishing and Sheraton hotels. ITT European Headquarters, Avenue Louise 480, B-1050 Brussels, Belgium.

UK NEWS

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It'll be your most reliable guide

to all those reasons why you're better off the Norwich way.



## Union endorses hard line as pit talks re-open

By JOHN LLOYD, INDUSTRIAL EDITOR

A SECOND full-scale attempt to settle the eight-month-old pit strikes was under way late last night at the offices of the Advisory Conciliation and Arbitration Service (Acas). Continued optimism was being privately expressed by the National Coal Board (NCB) and the Government, but with the National Union of Mineworkers (NUM) repeating its hard uncompromising line, over pit closures.

Talks between the pit supervisors' union and the NCB which began yesterday morning were said by mid-afternoon to be making progress. NCB's 17,000 members are due to begin a national strike from 8 am tomorrow morning.

Trades Union Congress (TUC) leaders who have been monitoring the dispute yesterday attended the talks at the invitation of Nacods.

Mr Arthur Scargill the NUM president and Mr Mick McGahey the vice president later arrived at the talks at the TUC leaders' invitation.

The involvement of both the TUC and the NUM in the talks initially scheduled to be confined to the NCB and Nacods came as a result of TUC pressure on Acas that no separate deal be struck between the NCB and Nacods.

NUM leaders made clear, however that once negotiations were completed between them and the NCB the TUC would play no direct part but would act in a strictly advisory role. However, the physical presence of the TUC leaders at the talks was itself read as a hopeful sign. Ministers were said to be looking for a real breakthrough at last in the talks at some point this week.

The Nacods dispute which new reviews roused the scope of the new appeals body to which pit closures and possibly other issues would refer and to which the NCB was already agreed, was thought early yesterday to be capable of resolution.

At the same time, the new line suggested earlier this week by Mr Michael Eaton the NCB official who has been charged with improving communications, is seen as a possible basis for new negotiations with the NUM.

Mr Eaton has proposed that the NCB's efforts to seek a definition of unemployment in clause 2(c) of the draft agreement, be dropped in favour of agreeing a definition of an "excess" pit.

Coal supply and demand continues, Page 28

## Dispute fails to stop TV channel

By David Goodhart

MANAGEMENT at Thames Television, the commercial weekday London channel, again broadcast programmes last night despite a strike by 550 members of the technicians union ACTU. Despite union attempts to "isolate" the station, its advertising revenue has stayed near normal.

The company first transmitted programmes without the union on Monday night. It earned over £900,000 in revenue from its schedule of pre-recorded light entertainment films and some repeated programmes.

Thames expected to earn even more money last night despite ACTU's attempts to block new advertising material reaching the company.

The ACTU yesterday considered trying to block out the entire commercial network. But it appears to have held back from that in favour of a "slower strangulation," as one official put it.

The dispute concerns the pay of film editors and is linked with the introduction of new portable single-man cameras. The editors have al-

**More UK news Pages 13 and 14.**

ready negotiated a 20 per cent increase in salaries which range from £13,000 to £20,000 a year.

The first stages of 14 per cent was to have been paid immediately but this broke down when the technicians demanded the second stage of 7 per cent within two years to be paid, whether or not the new cameras were in use.

Thames has had to accept its isolation from the rest of the commercial network which means it can broadcast no programmes from other independent companies - including the news bulletins by EFN. Nor can it sell its own programmes nationally.

The ACTU has failed to win solidarity backing from the Past Office Engineering Union or the Association of Broadcasting Staffs, both of which control the transmitted signal. Most of the other unions at Thames have voted to work normally and to cross picket lines.

## MacGregor NUM faces deadline in clashes for £200,000 fine at NCB

By PHILIP BASSETT, LABOUR CORRESPONDENT

THE DEADLINE expires tonight for the payment of the £200,000 fine imposed by the High Court on the National Union of Mineworkers (NUM) for contempt of court.

Although a £1,000 fine imposed for the same reason on Mr Arthur Scargill, the NUM president, was paid anonymously last week, there is little expectation that this will be repeated with the union's fine.

Lawyers acting on behalf of the top working miners who brought the original action against Mr Scargill and the NUM will tomorrow press the High Court to seize the union's funds to exact the fine. The penalties were imposed after the court held that Mr Scargill and the union had broken injunctions not to describe the miners' strike in Yorkshire as official.

A court sequestration order will freeze the union's financial operations. It could have a dramatic impact on the strikes and on the support of such bodies as the Trades Union Congress, which might be forced to consider whether carrying on helping the union financially will be legally possible.

Mr Scargill has said that such steps were likely. It is understood to have made provisions accordingly. Given Mr Scargill's thoroughness, it would be surprising if the union's financial defences were not extensive.

Hard evidence of how its finances stand will probably not become clear until the sequestration - expected to be accounted Price Waterhouse - makes their first report. But figures filed by the NUM within the last few days with the Government's Certification Office do show the union's financial position at the start of the strike.

Most of the NUM's money is held by its 41 listed areas and sections. The Certification Office's 1983 report shows the union's total assets to be £32.7m - but only £2.8m of this was held by the main national union, against which the fine stands.

The national union's accounts show it at the end of last year to be in a considerably better state than it had been 12 months previously. After liabilities its assets were £8.4m.

Its fixed assets, mainly land and cars, stood at £1.1m and its total investments at £5.5m.



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Dispute fails to stop TV channel

By David Campbell  
A DISPUTE between the British Broadcasting Corporation and the Independent Television Commission has failed to stop the launch of a new TV channel.

More UK on Pages 13 and 14

...the BBC has said it will not be involved in the new channel...  
...the ITC has said it will not be involved in the new channel...  
...the new channel will be a 24-hour service...  
...the new channel will be a 24-hour service...  
...the new channel will be a 24-hour service...



STANDING IN FRONT OF THE LEGAL & GENERAL HEADQUARTERS IN LONDON ARE FROM LEFT TO RIGHT: Richard Sleight, Head of Securities Investment UK and International; Ted Davis, Head of UK Equity Investment; Jim Robinson, Head of International Investment; Sarah Darch, UK Fund Manager; Neville Wilson, Manager, Insurance Division; Stuart Webb, Executive Director, Chase International Investment Group; Robert Kay, Assistant General Manager; Colin Grimesy, Manager, Corporate Custody Division.

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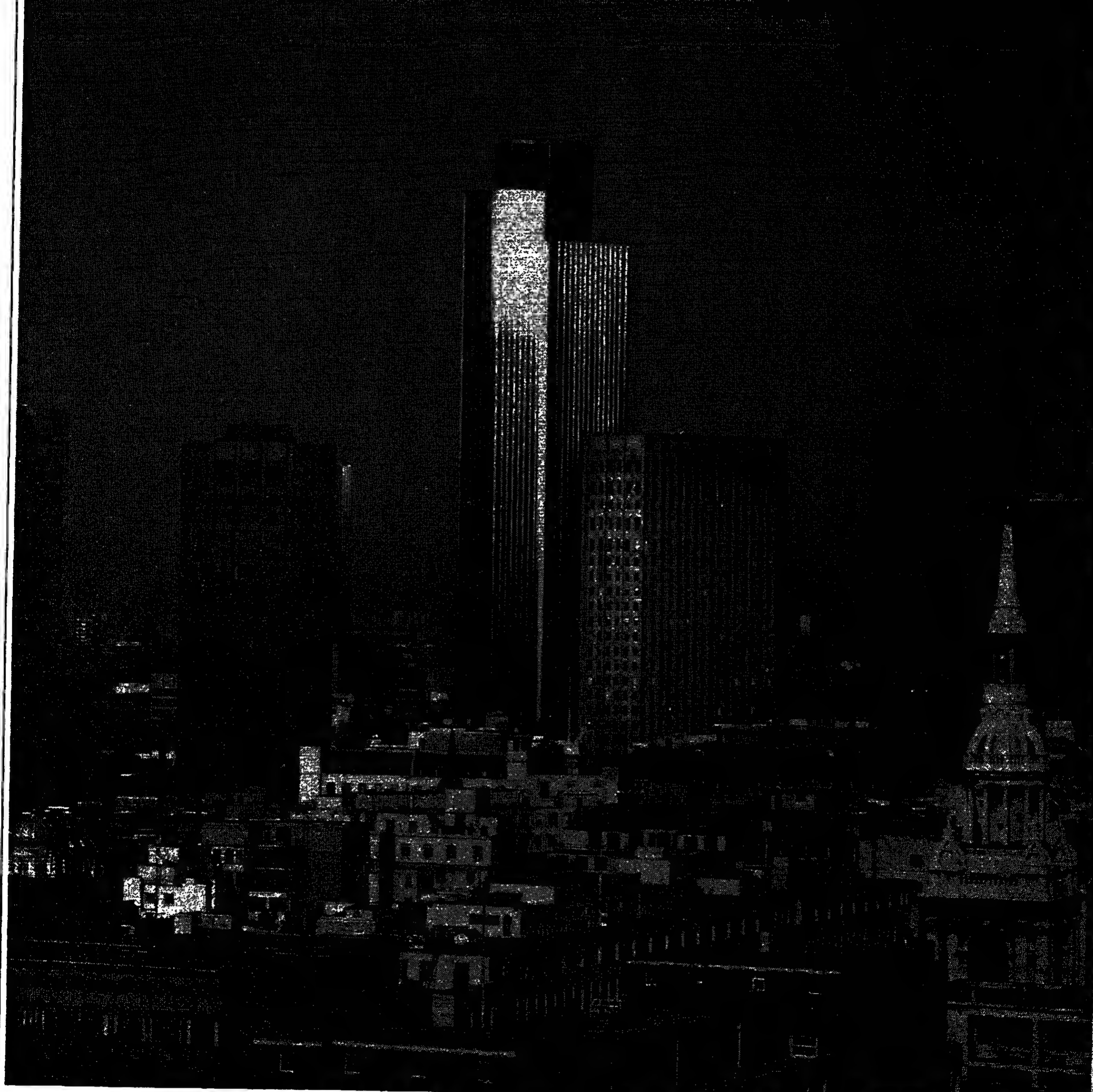
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UK NEWS

# Whitehall prepares to monitor buying policy

BY ANDREW TAYLOR

A NEW BODY to co-ordinate purchases of goods and services by government departments should be established to achieve better value for money and assist British industry, according to a Whitehall review before Mrs Margaret Thatcher, the Prime Minister.

The study, by the Management and Personnel Office (MPO), responsible for Civil Service organisation, recommends that the new body recruit from private-sector businessmen to advise on efficient purchasing practices.

It would seek to co-ordinate and monitor purchasing policy between different departments and report to the Cabinet, but it would not have authority to intervene directly on spending.

The multi-department review, started last June, also recommends better training for civil servants spending large sums of public mon-

ey on goods and services. The report estimates that its proposals might save about £500m a year through more efficient purchasing.

The recommendations conform with government guidelines, issued several years ago, which asked officials to adopt a more analytical approach to purchasing rather than simply opting for the cheapest goods available.

Treasury guidelines said that purchasers should consider the competitive benefits of maintaining the long-term viability of a range of suppliers and should retain close links with industry on ordering requirements and design specifications.

Guidelines were carefully worded to avoid falling foul of EEC competition rules but were regarded by British industry as an invitation to civil servants to consider domestic suppliers and technology before

supporting cut-price overseas competition.

The review by the Management and Personnel Office suggests, however, that attitudes have changed little since the guidelines were introduced. Many civil servants, concerned about their position and wary of upsetting department heads, are still more likely to be swayed by short-term budgetary considerations than by broader long-term needs.

Officials at one government department told the MPO that staff were willing to implement the guidelines but had been constrained by lack of practical guidance and because purchasing initiatives had to be justified as exceptions to normal buying rules. "There is little incentive or encouragement to staff at junior levels to propose such exceptions," the officials said.

# Furniture company says it must cut wage bill or close

BY NICK GARNETT, NORTHERN CORRESPONDENT

A SUBSIDIARY company of Silentnight, one of the UK's two biggest furniture and bed manufacturers, has told its workforce that it must cut its wage bill by 17.5 per cent because of a deteriorating trading performance.

The management of Buoyant Upholstery, which employs 400 at Nelson, Lancashire, has written to staff telling them that if negotiations with union officials are not successful the business will be closed down.

The company, which mainly manufactures three-piece sofas, has already given notice that it is terminating the existing payments by results system and wishes to negotiate a replacement.

Representatives of the Furniture, Timber and Allied Trades Union (FTATU) have had several meetings with management. A joint union-management statement said yesterday that a mass meeting of the workforce at Nelson agreed on Monday to allow shop stewards (factory union representatives) and officials to enter into negotiations.

A reduction in the wage bill could be made at Buoyant by both cutting earnings and the labour force. The company says it hopes a satisfactory conclusion can be reached to save jobs and provide more secure employment and that many managements in Buoyant's position would have shut the company.

The union has faced a number of similar demands from companies in the furniture industry which has been suffering from competitive pressures. Mr Ben Rubner, FTATU's general secretary, yesterday described attempts to cut earnings as "a disease" within the industry.

Christie Tyler, the other big UK manufacturer, renegotiated its payments-by-results system this year.

Silentnight itself, which last week posted half-year profits of £1.1m, almost 50 per cent down on the same period last year, suffered a strike this year when it changed its payments system.

The company, based in Barnoldswick, Lancashire, has a reputation for being aggressive and hard-driving and expecting a high work rate from employees.

Minimum industry pay for a 39-hour week for a journeyman (production worker) is £87.50. Average earnings, excluding overtime, are £138, according to industry figures which show the importance of incentive scheme payments.

The furniture industry has been depressed by the public switching more of its expenditure to electrical goods such as computers and videos, by the recession and, in some areas, by the mining dispute.

Pressures have been acute for the upholstery (non-bedmaking) companies, which tend to be the industry's highest payers. One reason is that a small, newly formed company can buy in materials and produce furniture from small premises and with low capital outlay.

Buoyant says that a principal reason for its worsening financial position over the past two years is its inability to compete with some of the smaller lower-cost operators.

Coates Brothers, Britain's largest manufacturer of printing inks, is starting a £2m development programme aimed at reducing costs and increasing efficiency, Walter Ellis writes.

Three small plants in the North of England, at Manchester, Rochdale and Leeds, are to be closed, and a new northern centre is to be built near Rochdale. None of the 80 workers employed at the three units will be made redundant.

# Airlines seek to lift ceiling on future Heathrow movements

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PRESSURES on the Government to either abolish or raise the proposed ceiling on aircraft movements at London's Heathrow airport are growing, as airlines and other organisations respond to the Department of Transport's request for comments on the plan.

The proposed ceiling of 275,000 aircraft movements a year will become effective towards the end of next year when Terminal Four starts operations. It will lift the airport's passenger capacity from the present 30m a year to 38m.

The decision to impose the ceiling on aircraft movements was first announced in 1979, in an attempt to ease the fears of environmental groups and residents around Heathrow that Terminal Four would generate an unacceptable increase in the number of aircraft using the airport, leading to higher noise levels.

Subsequently, traffic has grown anyway. A year before Terminal Four opens for business, the number of passengers at Heathrow is running at over 28m a year, with the number of aircraft movements at 289,000.

If the past year's traffic growth is maintained into 1985, as most airlines and aviation observers believe it will, the ceiling will be reached before the operational date of end-1985. As a result, if the Government adheres to its original plans, some airlines will be obliged to quit Heathrow and move either to Stansted airport, east of London in Essex, or Gatwick, south of London, with consequent expense, disruption to schedules and possible inconvenience to passengers.

So much concern has been expressed that the Government felt obliged to issue a consultation document designed to find out how the airlines thought the proposed ceiling should be implemented.

What is emerging from the responses so far is that the airlines are saying that the proposed ceiling

should be scrapped entirely. If that is politically impossible, because of the commitments already given by the Government to the environmentalists and residents, then the airlines argue that the ceiling should be raised to about 330,000 movements a year.

Last weekend, British Airways - the biggest single user of Heathrow, with over 40 per cent of all the scheduled services there - urged an increase in the planned limit.

The Heathrow Scheduling Committee, which represents all the 70-plus airlines using Heathrow and works out their permitted take-off and landing times, has also thrown its weight behind abolition of the ceiling, or at least an immediate review to consider increasing it and deferring its introduction to 1988.

The committee argues that since the limit was first proposed in 1979, quieter aircraft have increased in number at Heathrow and that an increase in the limit to 330,000 movements a year would not significantly affect noise levels.

"In the light of this," the committee says, "the Heathrow carriers are not inclined to acknowledge a 275,000 limit which they have all along considered to be arbitrary and unreasonable at such an important airport."

The committee says that when Terminal Four opens and British Airways and others move their long-haul services to it from Terminal Three, part of the latter will be closed for some time - perhaps three years - for refurbishing.

That, the committee says, means there will only be 34 terminals functioning at Heathrow for some time, instead of four, so that deferring implementation of the limit to 1988 would be sensible.

The committee says that the airlines believe that to set any limit on an airport as important as Heathrow "is, in itself, anti-competitive, and could lead to uncompetitive

practices neither in the spirit of de-regulation nor in the interests of the consumer."

While advocating abolition, or at least an immediate review of the proposed limit, the scheduling committee recognises the Government's desire to protect the environment around Heathrow.

The committee suggests that "other avenues are explored with the objective of finding some compromise solution which would allow greater overall utilisation of Heathrow, satisfy ambitions in respect of more 'open skies', and at the same time offer the local population a more specific and less crude alleviation from aircraft noise."

The Government is also being warned of possible international diplomatic repercussions if it tries to enforce the planned limit. The International Air Transport Association (IATA), many members of which use Heathrow, says in a memorandum to the Department of Transport that measures to restrict operations and future growth at Heathrow "would be quite impractical in the context of international air transport operations."

It adds further that "prior consultations with concerned governments would be essential before deciding upon any measures to restrict international services at Heathrow."

The implication is that if the UK tries to impose restrictions at Heathrow on foreign airlines, there will be diplomatic repercussions that might affect UK air services overseas.

Mr Knut Hammarskjöld, director-general of IATA, says the UK's proposals can only result "in an unprecedented degree of restriction" at a time when the UK Government itself is "pressing the viewpoint that there should be less government control and interference in commercial aviation, and that free market forces should influence events."

# Bank blamed for delay in company's payments

BY DAVID LASCELLES, BANKING CORRESPONDENT

MR MAHMOUD SIPRA, Pakistani shipping magnate and a client of Johnson Matthey Bankers (JMB), has blamed the Bank of England's takeover of the troubled bank for delays his company has had in making payments to shipbrokers and charterers.

In a letter to members of the London shipping community, his shipping company, Eurochem, says that the revenues from charter deals have been received and deposited with JMB. It adds: "We have been unsuccessful in our efforts to have the bank honour our instructions to pay Eurochem's creditors."

The letter says that Eurochem will continue with its efforts to secure the release of the money, but advises recipients that they "may wish to take all appropriate action to protect your interests, including taking up the matter with the Bank of England."

The Bank of England does not comment on individual transactions, and a spokesman declined to say yesterday whether it had blocked Mr Sipra's accounts at JMB. However, the bank had a policy of "business as usual" at JMB.

The takeover of the bank by the Bank of England has caused a loss of confidence in Mr Sipra's company, Bank Feris, chartered several vessels, Mr Sipra said, receipts from the shipment had been deposited with JMB.

"The risk that public money may have to be used by the Bank of England to cover the losses of JMB is wholly unacceptable," according to

Dr David Owen, leader of the Social Democratic party.

In a letter to Mr Nigel Lawson, Chancellor of the Exchequer, Dr Owen criticises the rescue of the bank as a policy decision by the Bank of England that "ignores the commercial and market realities confronting JMB."

"The Bank has said that it may have to pay up to £10m if JMB's losses turn out to be worse than expected. Other losses would be covered by a group of UK banks and billion dealers.

Dr Owen asks the Chancellor to answer several questions, including:

- Why was it necessary for the Bank to take JMB over when it could have been liquidated?
- Why was it right in this case to leave an uneconomic business in operation and subvert the usual market forces?
- On whose authority has the Bank of England agreed to guarantee JMB's further losses, should they occur?
- Does the £50m put up by JMB's former parent, Johnson Matthey, towards the rescue mean that it has effectively bought off the fiscal liability of its shareholders?

Dr Owen said the cost to the Bank of the 1970s banking crisis was about £100m. The danger now was that the Bank's efforts to turn JMB round in today's risky and depressed markets "will inflict in the longer term a similar and potentially even larger toll on both the Exchequer and the taxpayer."

# EEC car pollution plan 'will cost £2bn'

By Andrew Gowers

EEC PROPOSALS to reduce vehicle emissions drastically by 1995 might add about £2bn a year to UK motoring costs and impede the development of more efficient engine technology, the Government said yesterday.

The warning, in a memorandum submitted to the House of Lords' European Communities Committee by the Departments of Transport and the Environment, reflects opposition in government and the motor industry to the introduction of so-called three-way catalysers to reduce emissions.

It makes clear that the UK will continue to argue forcefully within the Community for the adoption of a new type of engine technology, known as "lean burn", which increases fuel efficiency and meets current emission standards.

The European Commission, responding to concerns about damage caused by air pollution - particularly in West German forests - has proposed vehicle emission standards that would bring the EEC in line with the U.S. and Japan in 1995. It is pressing ministers to agree by the end of 1986.

The issue has been made more urgent by the West German Government's decision to order its motor manufacturers to fit catalytic converters to new cars from 1989.

The move has been widely criticised within the EEC as likely to fragment the Community car market.

The UK Government said yesterday that the Commission's requirements could be met only if all vehicles of less than 3,500 kg were fitted with three-way catalysers, which, it said, would increase the initial costs of a vehicle by up to 10 per cent, require special maintenance and add to fuel consumption.

Its endorsement by Community member states "could well prevent the development of lean-burn engine technology and give rise to additional annual costs averaging 13 per cent per vehicle," the memorandum added.

On the basis of the present British vehicle fleet, that might mean a rise about £2bn a year in costs. By contrast, the introduction of lean-burn engines, which are said to be about 15 per cent more fuel-efficient, would reduce costs by around £2bn a year - or half if taxed by means of pollution.

The Government is also unhappy with interim proposals from the Commission to reduce emissions by a smaller amount by 1989.

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**Thatcher will address CBI**

By Andrew Arends

"AGENDA FOR ENTERPRISE" is the theme of the Confederation of British Industry's (CBI) annual conference, at Eastbourne on November 5 and 6.


Security at the conference is expected to be especially tight this year in the aftermath of the Brighton bombing. Mrs Margaret Thatcher, Prime Minister, is still expected to address the conference, as arranged.

It is expected that the main concern of the conference will be the miners' strike, and the threat it poses to industry.

So far about 750 delegates have registered for the conference, but the CBI expects that roughly 800 members will attend - the same as last year's conference held in Glasgow.

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FT LAW REPORTS

Arbitration award to be in sterling

TAYGETOS SHIPPING CO SA v THE PRESIDENT OF INDIA  
Queen's Bench Division (Commercial Court): Mr Justice Staughton: October 9 1984

WHEREAS a charter party provides that demurrage payments shall be calculated in one currency and paid in another at a certain exchange rate, but does not specify the currency in which an arbitration award should be made, any award should prima facie be made in the currency of payment since, up to the start of proceedings, the claimant's loss would have been borne in that currency.

Mr Justice Staughton so held when giving judgment for charterers. The President of India, in their appeal from an umpire's preliminary award in an arbitration that any sum which might become payable for demurrage in the final award would be payable in U.S. dollars, being the currency of account under the charterparty. The owners of the chartered vessel and claimants in the arbitration were, Taygetos Shipping Co. SA.

HIS LORDSHIP said that in May 1980 the Agenor was chartered to carry a cargo of urea in bulk from Holland to India. The charterparty provided that demurrage should be paid at the rate of \$6,000 per day, but that payment should be made in sterling at the mean exchange rate ruling on the date of the bill of lading.

The vessel arrived at Bombay on June 11. Discharge was not completed until August 20, and the charterers incurred liability for demurrage. There were disputes as to how the sum should be calculated.

When the bill of lading was dated the rate of exchange was \$2,263 to the pound. An award

in U.S. dollars was likely to impose a much heavier burden on the charterer in terms of sterling, since the present rate was \$1,320 to the pound.

The umpire was asked to make a preliminary award. He declared that any award in respect of unpaid demurrage should be calculated in U.S. dollars.

In his reasons he said that the owners were prima facie entitled to an award in the currency of account, notwithstanding that the currency of payment was different.

"Money of account" was defined as "currency in which an obligation was expressed"; while "money of payment" was the "currency with which the obligation was to be discharged"—see *Moynihan, The Legal Aspect of Money*, 4th ed, 129.

In the present case the money of payment was sterling, because that was the currency in which the obligation to pay demurrage was to be discharged. The parties agreed that the money of account was U.S. dollars, because the charterparty provided for demurrage at the rate of \$6,000 per day.

The umpire reasoned that as the parties had not agreed on the currency in which any award should be made, it should be in the currency of account.

He founded his conclusion on *McGregor on Damages* 14th ed, para 509, where the view was expressed that if money of account differed from money of payment, the former controlled. In other words, the award should be in the money of account.

His Lordship did not dissent from that as a general rule, but a different solution was appropriate where the contract provided an agreed exchange rate between the money of account and the money of payment.

In such a case the award should prima facie be in the money of payment, because that, prima facie, was what the creditor had lost if payment had not been made, and what the debtor might have tendered and the creditor accepted, at any time at least up to the commencement of proceedings.

The proposition was qualified with the words "prima facie." It might be that even in such a case the creditor could prove that he operated his business and kept his money in some currency other than the money of payment, and that he was entitled to a judgment or award in that currency.

In the present case there was no finding in the award which displaced the prima facie rule. Such a conclusion followed the words of Lord Wilberforce in *The Despina* [1979] AC 685, 700. He said that where there was more than one eligible currency and the contract failed to provide a decisive interpretation, "the damages should be calculated in the currency in which the loss was felt by the plaintiff or which most truly expresses his loss."

So far as the finding of the award went, it could only be concluded that the currency which expressed the owners' loss, or in which their loss had been felt, was pounds sterling.

Lord Wilberforce also said that a decision as to the currency in which the loss was borne or felt was essentially a matter for arbitrators to determine.

In the present case, however, it seemed that the umpire never regarded it as his task to decide on the currency in which the loss was felt. He considered that he was bound by law to make his award in the currency of account.

He was not so bound, *Moynihan* said at page 338 that "the law of procedure should not in any way alter the legal character of foreign money obligations..."

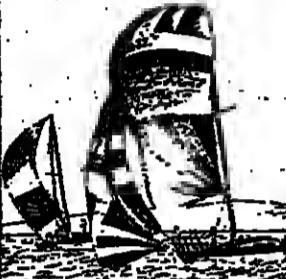
That general aim would be achieved if the umpire made his award in sterling. The owners had, in effect, invested their receipts from the charterparty in pounds sterling by the terms to which they agreed.

For the charterers: Stewart Boyd QC and Elizabeth Chorpenning (Solicitors and Co.).  
For the owners: Hilary Heilbron (Clyde and Co.).  
By Rachel Davies  
Barrister

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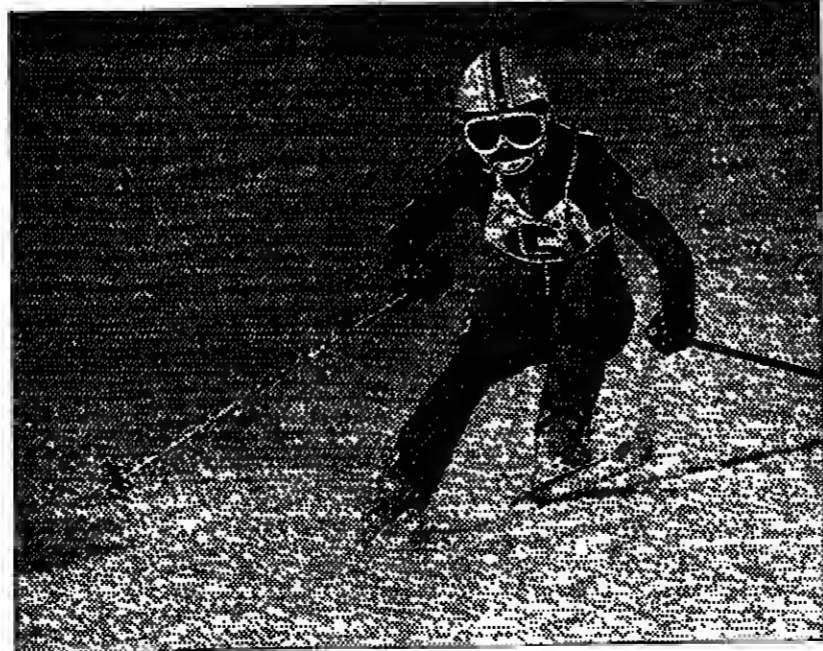
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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Product Development

# Deere tries harder to 'do it right'

BY CHRISTOPHER LORENZ

DEERE & COMPANY seems to be everyone's idea of a well-managed enterprise. It is obsessed with making high-quality products at low cost, with cultivating its dealers and customers, and with investing for the long term. As a result it has gained a dominant position in its industry at home, and a steadily strengthening hold overseas.

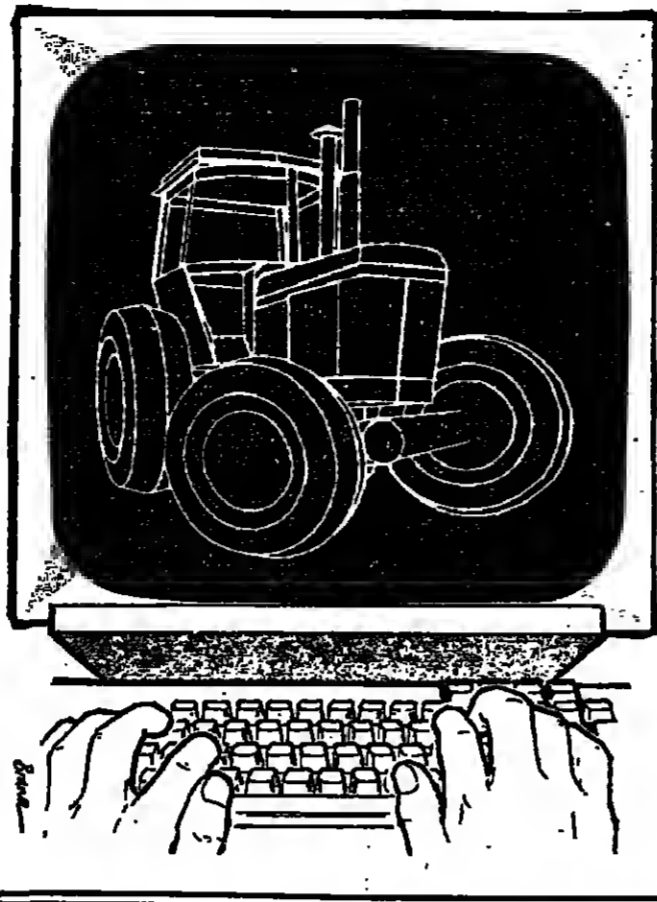
Hence its frequent appearance as a much-admired model in the classrooms of American business schools and its star entry in that publishing phenomenon "In Search of Excellence," not to speak of its citation in this summer's FT list of "top 10" big businesses.

So it may come as a shock to learn that the agricultural equipment giant is deficient in one of the most central tasks of any manufacturer: the management of product development. It is slow and spendthrift, its designers and production people don't get on well together, its designs are sometimes difficult and expensive to make, and from time to time it even has to stoop to "fixing" problems which have slipped through into the marketplace.

Before Deere is knocked from its pinnacle, and its top brass leap to issue dire oaths of denial, it should be stressed that these criticisms are relative—not to general corporate practice, but to the extremely high standards the company sets itself.

At every level in this demanding organisation, one finds a remarkable readiness to be self-critical.

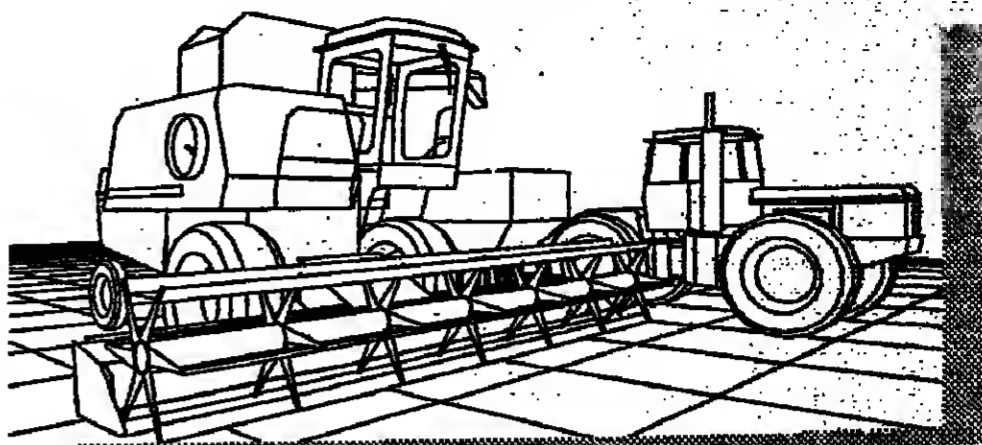
Walter Vogel, one of its three executive vice-presidents, talks of needing "to get more for our engineering spend" (Deere's research and development budget, running at over 5 per cent of sales, is well above its competitors). Gordon Millar, his deputy, admits there is a "glitch" (malfunction) in the relationship between design and manufacture. Russ Sutherland, who reports to Millar, says: "We've got to be more cost-effective." And Keut



## Teething troubles for computer-aided design

ONE OF the most spectacular successes of computer-aided design (CAD) at Deere has been the design of a patented tilting mechanism for the front wheels of its tractors. (left). "Without computers, we'd have had to build several prototypes before we got it right," says Roscoe Pershing, Deere's manager of engineering science.

Using CAD, the company can also study the fine detail of such things as the dynamic effect of parts moving against each other, of a heavy articulated trailer being pulled by a lighter tractor, or the changing impact on lines of vision from a harvester and a tractor



working next to each other (above). "CAD not only helps you to shorten time-scales, but to do a better job," stresses Gordon Millar, vice-president engineering. "You can work on 40 gears in an afternoon, whereas before you couldn't look at two."

Yet in many ways CAD's impact so far at Deere has been disappointing. This is partly due to the designers' frustration at slow computer response times, but mainly because the company's departmental structure has caused it to fall prey to the most common trap in the use of CAD: the computerisation of existing operations, rather

than the changing of procedures in order to take full advantage of the computer. "Most companies just automate the present," says Roscoe Pershing. Deere's CAD system, by contrast, was designed "to plug straight from design into the manufacturing process, including tool design, testing, quality control, and so on."

For this to work effectively, it is necessary for the designer to input a large number of three-dimensional drawings, and lots of other information which will be needed by other engineers later on. But draughtsmen are used to working only in 2D,

and since speed is a key measurement of their productivity, their departmental bosses are not keen for them to do all this extra work—even assuming they have learned all the necessary skills.

It all comes down to getting design and manufacturing engineers to work together far more closely than ever before. Ideally, everything should be done by one person—a "super engineer," as Pershing puts it. In practice, "we need to get both guys together on the computer." But at present departmental barriers tend to get in the way.

to the market—Tom Gildehaus, one of the other executive vice-presidents, claims that the prime motivation for accelerating the company's product development process is cost. This sets Deere apart from many of the companies round the world which are also desperately trying to speed up development in order to get their products on to the market more quickly (see "A vicious race to get ahead," FT, September 19).

In essence, Deere's problem—in common with almost every other manufacturing company outside Japan—has been threefold: the time and cost involved in the number of "iterations" (repeat steps) that have had to be made through the design and development process, as the initial design is gradually improved for manufacture; the time it has therefore taken to get to trouble-free production; and the expensive burden of some products' warranty costs.

Re-design for manufacture "can take 10 per cent of the total design time," estimates Barrie Smith, the company's product planner for combines. And this excludes changes made during the production process itself. "It all costs extra," he says. "You're doing something twice."

This problem—Gordon Millar's "glitch"—is not caused by any incompetence on the part

of design engineers (at Deere they form part of the "product engineering" function, which is often confusingly dubbed just "engineering").

Instead, it arises from the traditional differences between the skills and job focus of design engineers and manufacturing (or "production") engineers. The former are concerned with designing a product that works effectively, the latter with designing an efficient manufacturing system to make the product. Not only can the two goals sometimes conflict—as in the case of a brilliantly flexible widget which is difficult to make—but the drawings they require differ widely. Hence the complaint of one manufacturing engineer at Deere that two-thirds of his colleagues' draughting time is spent re-drawing the work of design engineers.

At its most extreme, this used to result in the design engineering department passing a set of drawings to the manufacturing engineers with the comment: "Here's a product, now go off and make it." Deere's product engineers were the "kings" in the tradition of the founder himself—and such attitudes are not completely dead.

Deere has adopted all sorts of techniques over the past

few years to overcome this notorious departmental barrier. But in its harvester business, for example, it is only in the past four or five years that manufacturing engineers have been brought in right at the start of the development process, to work alongside the designers, accountants and product planners (who represent marketing) in the setting of product specifications.

A system has also been started whereby manufacturing engineers sit at the designers' elbow for three days a week, and have to approve drawings before they are sent off to the production department. But a considerable amount of re-drawing is still done later by the manufacturing engineers—often by someone who was not the original "observer" of the design process.

Bogged down

At the same time informal communication has been hampered by a 3-mile split between the location of the two departments; this was decided partly for space reasons as the company grew, and partly because the product engineers were becoming bogged down with helping to resolve day-to-day production problems.

In spite of these difficulties, there has been some improve-

ment in the flow of work from one department to another, and this has contributed to a marked acceleration in the development-to-production cycle: Bud Bichel, senior division engineer for harvesters, reports that on one relatively small component this saved over a million dollars.

But the main factor behind this acceleration has been an improvement in laboratory testing methods, which has sharply reduced the amount of time a new component or product needs to be tested in the field. Through the use of sophisticated soil analysis, Deere can now simulate many field conditions in the laboratory, and run tests 24 hours a day.

In order to overcome the design-manufacturing "glitch," the company is now experimenting with more ambitious ways of "knocking down the walls between the two departments," as one executive puts it.

In some parts of the group, and especially in the components division, it is making much greater use than before of "project teams," consisting not only of different functions from within the division itself—on a classical project team basis—but also of head office staff. Gordon Millar cites the development of one major component, which has taken just two years from start to finish. This may be

slow by the standards of, say, the electronics industry, but Millar says that "previously we'd have fussed around with trying to get it right over five years."

More dramatically still, Deere recently decided that in two units, consumer products and hay equipment, the top product and manufacturing engineers' jobs should be fused into one. Rather than actually merge the two departments, Millar says the intention at this stage is to produce a "fuzzing of demarcation lines below this level."

The company is adopting a "wait and see" approach to whether this change should be emulated in other units, including the larger ones such as tractors and combines. But there is already fatness, speculation and nervousness about which will be the next to receive this treatment. Nor is everyone sure that the principle is a good one.

In Harvesters, for instance, Bud Bichel argues that the functions of the two departments "are so diverse that there's no point putting them together—they couldn't be administered under one head, especially in complex products like combines." His boss, Ken Kosloski, is more enthusiastic, pointing to the need to have multidisciplinary people right down the line, "not to do each other's jobs, but to work together better." He also points to the

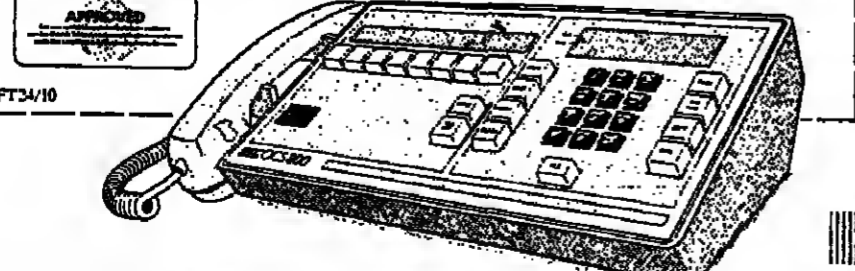
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<b>SHEPHERD</b>		200 250		240		270	
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TRANSPORT	100	30		60	60		
SALES	160	80		50	60		
ADMIN.	200	80		80	70		
FINANCE	100	80		80	70		
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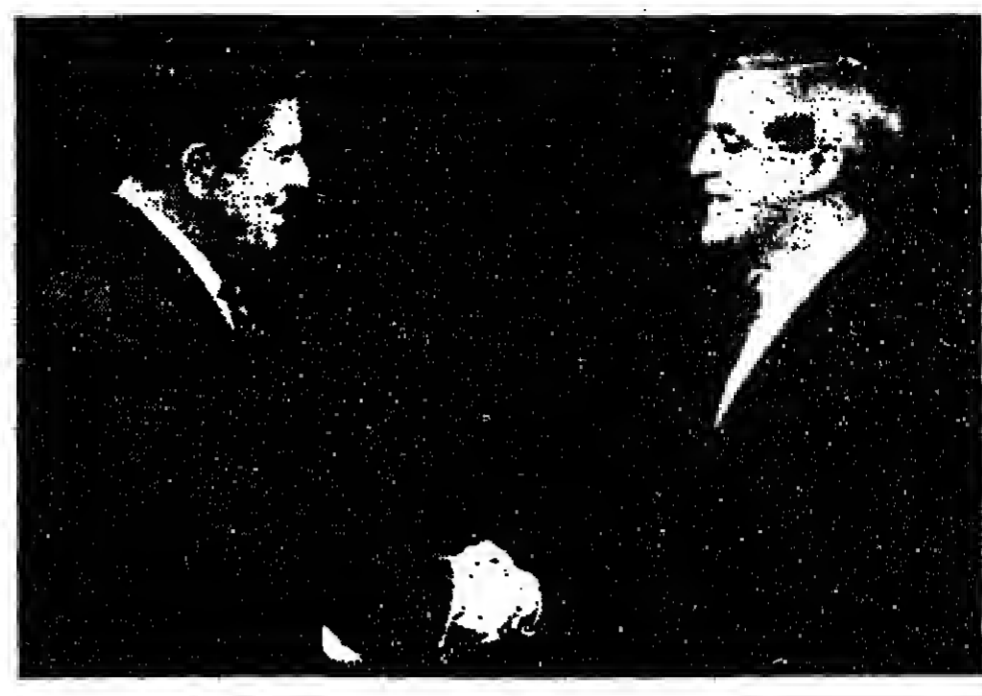


THE ARTS

Television/Christopher Dunkley

Reptilian, criminal or just political

Walter Mondale looks like a headbopper. Seen from the front he appears to have a slightly flattened nose, and when you add an overabundance of orange pancake make-up the impression is of a man with a nylon stocking pulled over his face. Reagan on the other hand makes you think of a tortoise: not only is the area between nose and upper lip broad, smooth and protuberant, but the face thrusting forward above the sagging wrinkles of the neck, which no amount of make-up can hide, gives a decidedly chelonian appearance.



Small screen warfare: Reagan (left) and Mondale

is that he used a HOUVU himself to express them, except that his was called an Autocue. Third, we should ask whether, in any case, anybody is fooled for a moment by that ghostly Whispering Winifred act which Mrs T. now puts on for the studio cameras. We all know perfectly well what she really sounds like from her unrehearsed appearances ("Just rejoice!" remember) and from radio's coverage of Parliamentary question time where the voice maintains the familiar corridor tones of the Head Pre. as she lambasts the Opposition.

Rozhdestvensky and the LSO, Barbican Hall

Rehearsal, it's worth noting, is not necessarily the touchstone of a performance. Lengthy rehearsal, especially if it is not directed with the greatest skill and tact, can even lead to an irritable and demoralised orchestra on the concert platform. Under a certain kind of conductor, and in a particular repertory, a first-class orchestra can produce an inspiring performance with very little rehearsal — or none at all.

Venice Film Festival/Video Event

One of the happy pluses of the recent Venice Film Festival was its 1984 Video Event. In a room ingeniously converted into an auditorium from an antechamber of the Casino, the event could still hear the ghostly click of roulette wheels, scurried fingers seized the chance to watch programme after programme of high-calibre music videos, this year's speciality. In the process they learned that the video is one of the few areas of audio-visual art where British is indisputably best, although the rest of the world is rapidly catching up.

Music to Murder By/Nuffield, Southampton

This intriguing conversation piece by David Pownall toured small fringe venues some eight years ago, so it is pleasant to see the Nuffield's new artistic director, John Finch, opening a personal account with handsomely designed and strongly cast revival which is likely to meet larger, and more mixed, audiences. Not many among them, I imagine, would set out enjoying a piece about the Renaissance madrigalist Gesualdo and the mysterious English song writer Peter Warlock.

Lontano Ensemble/St John's Smith Square

The Lontano Ensemble's winter season at St John's, Smith Square, is titled "French Impressions" and consists of four boldly chosen programmes whose avowed aim is to explore colour in 20th century music. They are not exclusively French — music of French resident Yannis Xenakis, and by two young British composers, James Dillon (featured in three concerts) and Simon Bainbridge is admitted. Three French composers receive their UK premieres but the four British works have been heard before: Lontano makes a point of giving not only first but second and third performances of new music.

Angela Thorne as Helen in Music to Murder By

A cloistered square overgrown with weeds, ivied walls and brick arches, as well as the famous inscriptions, although the spot is a good deal more attractive than Stravinsky described it. Snoo Wilson writes this sort of play, only rougher, and Mr Greene's production could benefit perhaps from the blood and thunder Wilson's plays sometimes generate. But this is a brave and worthwhile resurrection.

Arts Guide

**Theatre**  
NEW YORK  
Sunday in the Park with George (Booth): Not your conventional musical, Stephen Sondheim's latest is an inspired pairing with director and playwright that is again to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend. (239 6282).  
Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically felicitous, but only in the sense of a rather staid and overblown idea of theatricality. (239 6282).  
Grand Street (Majestic): An illustrious celebration of the heyday of Broadway in the '30s incorporates one of the original film hits *Shuffle Off to Buffalo* with the appropriately lush and leggy hooking by a large chorus line. (977 9628).  
Torch Song Trilogy (Helen Hayes): Harvey Fierstein's brilliant, touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his dotting Jewish mother. (944 9438).  
Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a Supremes, without the quality of their music. (239 6280).

**On Your Toes** (Victoria): Gaijin Panova with precision leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9670).  
**Brighton Beach Memoirs** (Neil Simon): If his wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlandse organisatie has generously decided to name the theatre after the generation's outstanding box office draw. (757 8848).  
**A Chorus Line** (Shubert): The longest-running musical ever in America has been generously decided to name the theatre after the generation's outstanding box office draw. (757 8848).  
**Noises Off** (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 5439).  
**Babin in Gilead** (Mistretta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, dragged out 1960s and 70s to the accompaniment of Grace Spagnewson songs. (420 8000).

**Quilters** (Jack Lawrence): Based on American pioneer women's traditions of their work in making quilt blankets, Molly Newman and Barbara Damashak's musical arrives in New York, presented from its modest origins in Denver. (307 5425).  
**LONDON**  
**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's roller-skating extravaganza has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (824 8184).  
**West Side Story** (Her Majesty): Classic musical returns to its original London home with a fresh young cast of singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 8806).  
**On Your Toes** (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (457 6534).  
**Dear Mr. ABC** (Haymarket): Rex Harrison and Claudette Colbert in a measure rarely by Frederick Lonsdale. Miss Colbert defies the march of time and still wears her hair the same way, with bangs. (930 8833).  
**42nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's extravaganza has been rapturously received. American Capt. Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day. (306 6109).

**CHICAGO**  
**The Fifth Step** (Victory Gardens): Nicholas Patron's new topical drama uses music and ritual dances to explore the 1980 death of El Salvador Archbishop Oscar Arnulfo Romero. Ends Oct 28. (871 3006).  
**Candide** (Goodman): The first musical produced at the Goodman since 1978 brings Wheeler's version of Voltaire with the music of Leonard Bernstein and the lyrics of Stephen Sondheim. John Latouche and Richard Wilbur. Ends Oct 28. (438 3810).  
**Stage Struck** (Steppenwolf): American premiere of Simon Gray's murder mystery about a stage manager who takes revenge on his actress wife and his psychiatrist. Ends Nov 4. (472 4141).  
**WASHINGTON**  
**Nest of the Wood Grouse** (Eisenhower): Victor Rozov's Soviet comedy puts a human face on the local news in the form of Ed Wallace and Anne Jackson as a Russian diplomat and his unpredictable family. Ends Dec 1. Kennedy Center (254 3878).  
**King Lear** (Folger): The 15th anniversary of the replica Globe company starts off ambitiously. Ends Nov 4. (545 4000).

**TOKYO**  
**Death of a Salesman** (Sunshine Theatre, Ikebukuro): The Japanese version of Arthur Miller's classic, starring the actor directed by Takizawa Osamu (976-5281).  
**Kaitea Ningyo** (Mysterious Mermaid) performed by one of Tokyo's leading avant-garde troupes Yume No Yumisha. A fantastical and very visual piece set in the world of the Old Testament and the search for a mysterious mermaid, Honda Geikyo (465-4311).  
**The Cherry Orchard** (Imperial Theatre): Chekhov's masterpiece in Japan. Directed by RSC's Clifford Williams, in residence since August. The Toho Company (213-7221).  
**Cats** (Cats Theatre): Approaching its first birthday and therefore Japan's longest-running (consecutive) play, this Japanese version is worth seeing. Excellent set, good dancing, Kabuki-derived movement. Shiba Company, directed by Keita Asari (32-1001).  
**Kabuki** (Kabuki-Zai): Matinee contains both spectacular and grisly fare. Tamamoonohae, based on the old legend of the demon fox is highlighted by laser lights, mid-air trapeze flying, magic performances. Sanzuma Chobei starring Kichimasa has the murder-in-the-bath scene.

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Exxon edges up despite refining side setback

BY TERRY DODSWORTH IN NEW YORK

EXXON, the world's largest oil company, yesterday reported a 4.1 per cent increase in third-quarter earnings, despite a steep decline in the performance of its worldwide refining and marketing operations. Net income amounted to \$1.28bn, or \$1.58 a share, against \$1.23bn, or \$1.41 a share, in 1983 while revenues rose from \$23.34bn to \$23.52bn.

E. F. Hutton soars on Wall St recovery

By Terry Byland in New York

THE BOOM in Wall Street trading in mid-August helped push third-quarter earnings at E. F. Hutton, number two in the U.S. brokerage industry, to more than double the total for the first half of the year, although the result is distorted by special items.

Volvo expects upturn at U.S. truck unit

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT IN LONDON

VOLVO, the Swedish motor group, expects its \$125m investment in the U.S. truck business to pay off handsomely this year at a time when many other markets have been showing weakness in demand.

Truck sales in the U.S. this year would be well over 10,000, including between 6,000 and 6,500 from the American plant. Last year Volvo sold 6,400 trucks in the U.S., of which 4,700 were produced locally.

Norsk Hydro stays on growth path with third-quarter gain

BY OUR FINANCIAL STAFF

NORSK HYDRO, the Norwegian energy group which increased its profits strongly last year, reports continued growth for the third quarter of 1984.

come were Nkr 9,080n. This compares with Nkr 6,080n for the third quarter a year ago, and with Nkr 16,76n for the first half of 1984.

UK brewer in U.S. expansion

By Ray Maughan in London

WHITBREAD, the British brewery group, is to pay \$21.7m (\$110m) to buy Buckingham Corporation from Beatrice Companies.

Safra quits AEIBC posts after dispute

BY PAUL TAYLOR IN NEW YORK

MR EDMOND SAFRA, the Swiss-based banker, has resigned as chairman and chief executive of American Express International Bank (AEIBC), the financial service company's international banking unit.



Mr. Edmond Safra

American Express confirmed yesterday that Mr Safra will step down on January 1 from the AEIBC posts which he assumed in February after the \$500m purchase of its Trade Development Bank (TDB) by Amex last year.

limited attempt to retain Mr Safra's goodwill. The changes follow mounting speculation about the Lebanese-born Swiss banker's future with American Express since rumours of friction between the 52-year-old and Amex executives and sharp differences in management style.

Alcan third quarter earnings down

By Robert Gibbons in Montreal

ALCAN ALUMINIUM took a step back in earnings in the third quarter compared with the June quarter, because of an 11 per cent drop in average input prices and lower margins on fabricated products.

Marsh & McLennan well ahead

BY TERRY DODSWORTH IN NEW YORK

MARSH & McLennan, the U.S. insurance broker hit by heavy losses on unauthorised bond trading earlier this year, announced a 57 per cent increase in third-quarter earnings yesterday.

sale of an office building in Los Angeles. In the first nine months of this year, Marsh's net income dropped sharply to \$32.1m, or 89 cents a share, compared with \$81.9m, or \$2.31 per share in 1983, although operating revenue rose by 13 per cent from \$727m to \$820m.

Headquarters sale boosts Merrill profit

By Our New York Staff

MERRILL LYNCH, the largest Wall Street securities firm, has reported sharply higher third-quarter net earnings of \$80m. The improvement was a result, however, of a \$9m tax credit and a \$46m net gain on the sale of the company's Manhattan headquarters building.

Kodak to enter floppy disk market

BY PAUL TAYLOR IN NEW YORK

EASTMAN Kodak, the world's largest photographic products group, said yesterday that it plans to begin selling personal computer floppy disks. The move is the latest attempt by Kodak to diversify and expand its range of non-photographic high technology products.

planning to build its own manufacturing plant. Mr Phillip Samper, executive vice-president and general manager of Kodak's photographic division, said the move was "a logical extension" of the company's core manufacturing technology. He added that the worldwide disk market is expected to double to \$4bn by the end of the decade.

Trilon to form new real estate group

BY OUR TORONTO CORRESPONDENT

ROYAL TRUST, the Canadian trust and loan company, is to merge its real estate brokerage business with A. E. LePage, the country's largest property services company, creating a group with annual revenues of (U.S.\$265m).

tional operations, mainly its U.S. subsidiary Fuller Commercial Brokerage. The company's 50 per cent interest in Canlea, a real estate and hotel developer, is not included in the merger.

The two companies will form a new entity within the Trilon group, the rapidly expanding financial services empire controlled by Mr Peter and Mr Edward Bronfman. Royal Trust, which is controlled by Trilon, will have a 50.5 per cent interest in the merged business. The remaining 49.5 per cent will be held by A. E. LePage's present shareholders.

Mr Gordon Gray, chairman and chief executive of A. E. LePage, will head the new group. Mr Gray said that A. E. LePage has planned for some time to join forces with a major financial services group.

Trilon already has substantial interests in insurance and is linked to Trizec, one of Canada's largest property developers. Another company controlled by the Bronfmans is currently being transformed into a merchant banking operation.

Royal Trust posted net income of C\$40m in the first six months of this year. Of its total revenue of C\$883m, roughly one-tenth came from real estate fees and commissions.

Canadian Pacific oil industry arm advances

BY OUR MONTREAL CORRESPONDENT

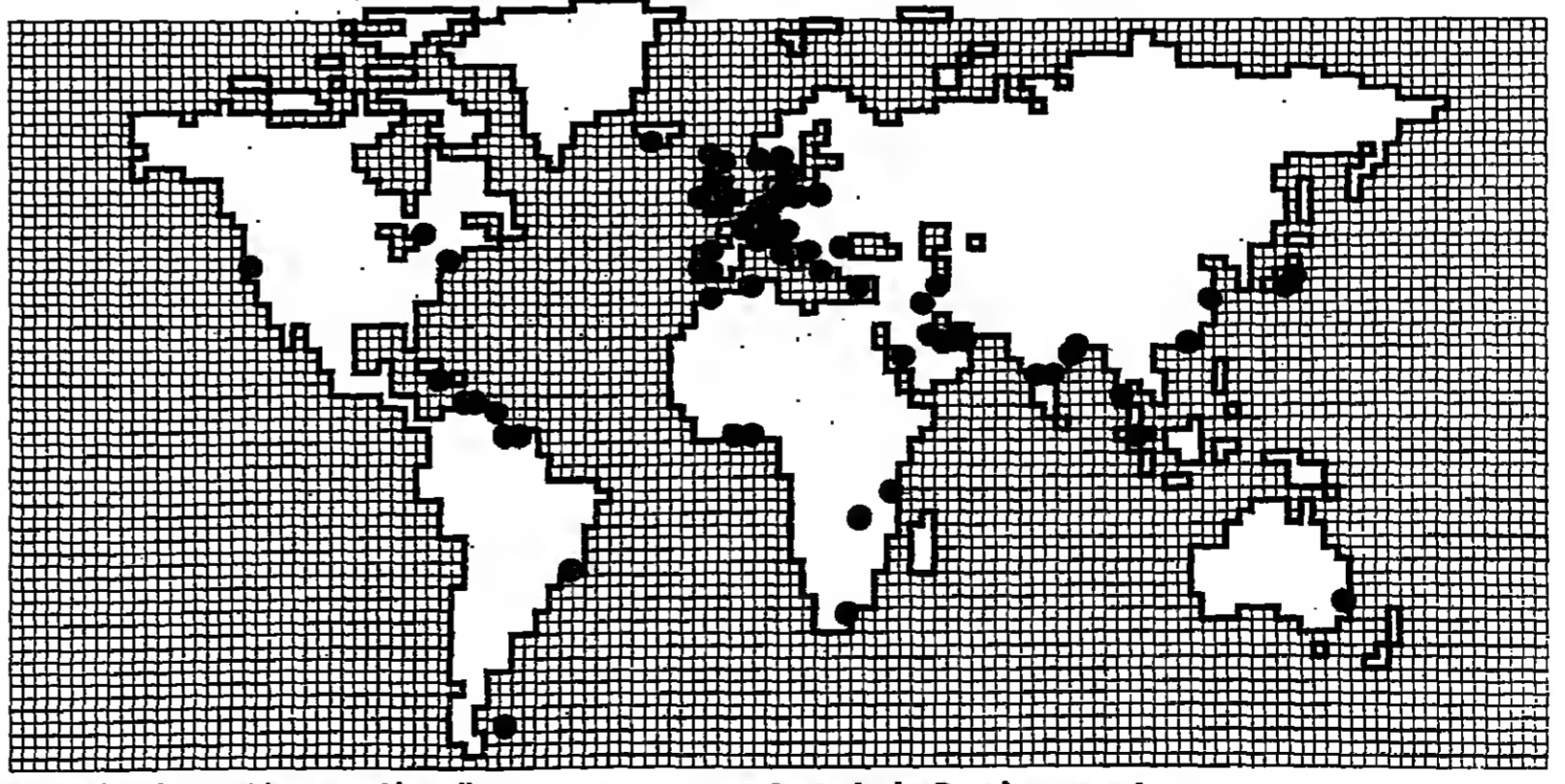
AMCA International, a major North American manufacturer of heavy oil industry equipment and other engineered products and controlled by Canadian Pacific, earned \$8.9m, or 15 cents a share, in the first nine months against \$501,000, or 2 cents a share, a year earlier.

ferred shares. Canadian Pacific will subscribe for another \$100m of this stock. The proceeds of both issues will be used to retire short term debts.

The figures exclude \$5.7m losses on discontinued operations against a \$10.2m loss a year earlier. Sales were \$1.07bn against \$881m.

The industry has had improved margins on petroleum products this year and higher production income.

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British Waterways Freight The Freight Division of the British Waterways Board

INTL. COMPANIES & FINANCE

All of these securities having been sold, this announcement appears solely for purposes of information.

NEW ISSUE

October 12, 1984

\$200,000,000

European Investment Bank

12 5/8% Notes Due October 15, 1999

Interest payable on April 15 and October 15

The Notes are unconditional, direct and general obligations of the European Investment Bank (the "EIB")...

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Company Notices

NOTICE



BANCO DE LA NACION ARGENTINA

US\$25,000,000

Floating Rate Notes due 1987

In accordance with the provision of the Notes, notice is hereby given that for the six-month interest period from 23rd October, 1984, to 23rd April, 1985, the Notes will carry an interest rate of 10 1/4 per cent per annum and the Coupon amount per US\$5,000 will be US\$273.32.

DAIWA SINGAPORE LIMITED Agent Bank

ACTIBONDS INVESTMENT FUND S.A.

Société Anonyme d'Investissement Luxembourg, 37, rue Notre-Dame R.C. Luxembourg B 201081

Avis de convocation

Messieurs les Actionnaires sont convoqués par le présent avis à l'Assemblée Générale Extraordinaire Reportée qui aura lieu le 9 novembre 1984 à 10h30 heures au siège social, avec l'ordre du jour suivant:

Ordre du jour

- 1. Modification de l'article 3 des statuts pour lui donner la teneur suivante: La société a pour objet de placer les fonds dont elle dispose en valeurs mobilières de nature nationale dans le but de répartir les risques d'un établissement et de faire bénéficier ses actionnaires des résultats de sa gestion de son portefeuille. La société peut prendre toutes mesures et faire toutes opérations qu'elle juge utiles à l'accomplissement et au développement de son but au sens le plus large dans le cadre de la loi du 25 août 1983 relative aux organismes de placement collectif. 2. Modification des articles 11 et 24 des statuts en vue de les adapter aux dispositions de la loi du 11 août 1983 sur les sociétés commerciales telle que modifiée par la loi du 24 avril 1983 et aux dispositions de la loi du 25 août 1983. 3. Modification de l'article 6 des statuts pour le mettre en concordance avec les dispositions de l'article 31 de la loi du 10 août 1983 telle que modifiée par la loi du 24 avril 1983.

Le texte complet des modifications à apporter aux statuts est disponible au siège social sur simple demande.

Le Conseil d'Administration

PORTS AUTONOMES BORDEAUX - DUNKERQUE - LE HAVRE MARSEILLE - NANTES - SAINT-MAZARE - PARIS

Public corporations of the French State incorporated in accordance with the laws dated June 29, 1965 and October 28, 1968

5% Bonds 1976-1991 of US\$1,000 each

1) of the series including the 4,000 bonds drawn at the third drawing by lot on October 12, 1984 and representing the entire amount of US\$4,000,000 to be redeemed on November 15, 1984; 2,001 to 6,050

2) of the series previously called for redemption and not yet presented for payment: Drawing on October 12, 1982 - Redemption November 15, 1982 123 to 11,125

These bonds will be redeemable at US\$1,000 at FRENCH AMERICAN BANKING CORPORATION in NEW YORK and at the office of the following establishments:

- BANQUE NATIONALE DE PARIS, PARIS -BANQUE BRUXELLES LAMBERT, BRUXELLES -BANQUE NATIONALE DE PARIS (LUXEMBOURG) SA, LUXEMBOURG -BANQUE INTERNATIONALE A LUXEMBOURG, LUXEMBOURG -BANQUE PARIBI, PARIS -CREDIT LYONNAIS, PARIS -DEUTSCHE BANK AG, FRANKFURT-AM-MAIN -SOCIETE GENERALE, PARIS -SWISS BANK CORPORATION, SALE

Outstanding amount: US\$8,000,000.

BANK OF NEW ZEALAND U.S.\$50,000,000 11 1/2% PER CENT CAPITAL NOTES 1985

Holders of the above Notes are advised that copies of the 123rd Annual Report and Accounts 1984 of the Bank of New Zealand for the year ended 31st March, 1984, are available from:

- Bank of New Zealand, 100, Queen Street, Wellington, New Zealand. Bank of New Zealand, Manager Corporate Banking, BIC House, 51 Gresham Street, London EC2V 7BS. S. G. Warburton & Co. Ltd., 33 King William Street, London EC4R 3AS.

NOTICE OF THE DETERMINATION OF THE INTEREST RATE FOR THE 3-YEAR PERIOD COMMENCING NOVEMBER 18, 1984

CASIN FRANÇAIS DES MATHEMATIQUES (C.F.M.) U.S. \$100,000,000 RETRACTABLE BONDS ISSUED ON NOVEMBER 19, 1981 UNDER AN INTEREST GUARANTEE AS TO PAYMENT OF PRINCIPAL AND INTEREST BY THE REPUBLIC OF FRANCE

Interest of the terms and conditions of the bonds is published on September 17, 1984 under the heading "Bonds" in the Financial Times and in the French newspaper "Le Monde" on September 17, 1984. The interest rate for the 3-year period commencing November 18, 1984 has been determined to be 12 1/2% p.a. (fixed).

KREDITBANK Luxembourg October 24, 1984.

Obituaries

BROGAN, David - new Plucker (third death) from liver cancer. He was 60 years old and died peacefully 20th October. He leaves a wife, 3 children and 10 grandchildren. Church, Long Ditton, Surrey.

Public Notices

THE PARTY mentioned below advises that he has resigned from the office of K. D. and N. S. has been accepted. Karen Lehmann.

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French tools group directors quit as state aid is cut off

BY DAVID MARSH IN PARIS

THE BOARD OF H. Ernauld Somua (HES), the financially stricken French machine tools concern owned by the Empain Schneider group, has resigned in protest at the French Government's decision to cut off funds to the company.

HES, according to government planners, should have been absorbed into Intelautomatisme, which also includes the former Hurs and Grafenstaden companies, now owned jointly by the Sues financial holding company and CIT Alcatel, the state telecommunications concern.

However, lack of agreement so far has prevented this procedure from becoming operational, while HES losses have continued to mount. Last year they totalled roughly the same as its turnover of FFf 243m (\$26m).

Swiss Bank Corporation nine-month progress

By Our Financial Staff

SWISS Bank Corporation, one of the 10 Swiss banks, reports higher nine-month profits and says earnings for the whole of 1984 will show an increase.

Banking volume improved during the nine months and despite slightly narrower trading margins, net interest earnings increased. Balance sheet total at end-September was SwFr 115bn (\$45.45bn).

Wessanen sees higher profits

By Our Financial Staff

WESSANEN, the Dutch foods group, expects profits after tax and extraordinary items to rise to at least Fl 46m (\$13m) for 1984. This compares with Fl 37m for 1983.

Dyno Industrier well up

BY FAY GJESTER IN OSLO

DYNO INDUSTRIER, the chemicals and explosives group with offshore interests, is forecasting 1984 pre-tax profits of Nkr 160m (\$18m) after an exceptionally profitable opening eight months. This is higher than previously budgeted, and about 55 per cent up on 1983.

Wartsila ahead and confident for year

BY LANCE KEYWORTH IN HELSINKI

WARTSILA Group, the Finnish shipbuilding, engineering and consumer products conglomerate, lifted pre-tax profits Fmk 300m to Fmk 365m (\$57m) for the first eight months of the current fiscal year. This was despite a fall in sales from Fmk 3.35bn to Fmk 3.17bn, because some large shipyard and engineering projects will not be completed until near year-end.

Norwegians plan aluminium output cuts

By Our Oslo Correspondent

OUTPUT cuts are being considered by Norway's four aluminium producers following the recent steady fall in world prices for the metal.

N. AMERICAN QUARTERLY RESULTS

Table with multiple columns showing quarterly financial results for various companies including Donaldson, Lufkin & Jenrette, Macmillan Publishing, North American Philips, etc. Columns include Revenue, Net Profit, and Net Per Share for 1984 and 1983.

NCE  
Swiss Bank  
Corporate  
nine-month  
progress

# How The Morgan Bank's financial analysts help clients solve complex problems



Shown at an appliance manufacturer in France are Morgan analysts Lam Nguyen-Phuong, London; Herbert Lohneiss, Frankfurt; Sybille Wengen-Schneider, Paris; Terry Eccles, New York-based head of the bank's financial analysis in Europe; Jonathan Engel, Brussels.

International companies, big and small, face challenging financial questions when planning growth strategies. Many of them turn to the Financial Analysis Department at The Morgan Bank for answers both knowledgeable and creative.

This department has more than 100 financial analysts and advisors based in 18 countries around the world. These professionals know their clients' finances and businesses. They also know the industries and countries in which their clients operate. No other bank or consulting firm can match this special resource, and its unique combination of business, strategic, and financial expertise.

The global structure of the department means each member of the team can call upon relevant experience and information sources throughout the network to arrive at creative, well-informed solutions to the client's problems.

Here are some recent examples of how we help clients with strategic financial planning.

An expanding French food company identified a prospective acquisition in the U.S. We answered these four key questions for them: What is the outlook for our target company? How much is it worth? How leveraged can it be and still be independently financed? What would the acquisition do to our own financial structure?

A U.S. multinational asked us about listing a subsidiary on the German stock exchange: How receptive is the market to a preferred issue? What is the likely market value of our common stock?

We advised a U.K. company contemplating major changes in its business and financial strategy on the following issues: How do different capital markets perceive our company? How do we go about improving these perceptions? Given our strategic objectives, expected financial condition, and market perceptions, what is our optimal mix of various debt and equity securities?

A privately-held Belgian company planning

to change its group structure asked us to value its U.S. subsidiary for tax purposes.

For a U.S. company wanting to export to Europe we looked at these questions for nine different countries: What is the market demand for our product in the next few years? What are typical contract terms? Who are the major potential customers? What local characteristics should we be aware of to improve our chances of success?

A German industrial company balked at the asking price of an acquisition candidate. They wanted to know: How do our perception of value and theirs differ? What would be a fair price? How should we finance the deal?

For more on how we might help you answer strategic financial questions like these, talk with the Morgan banker who calls on your company, or write to Terence C. Eccles, Vice President, Financial Analysis Department, Morgan Guaranty Trust Company, 23 Wall Street, New York, NY 10015.

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## The Morgan Bank

INTL. COMPANIES and FINANCE

October 18, 1984

**£20,000,000**

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**Ito-Yokado boosts interim**

By Yoko Shibata in Tokyo

ITO-YOKADO, Japan's most profitable retailer, boosted its group net profits by 43.1 per cent to ¥12.5bn (\$50.5m) in the first half-year ended August 31.

The marked improvement was attributed to stock reduction and tighter margins.

Half-year sales were up 7.2 per cent at ¥52.1bn. Net profits per share surged to ¥43.63 from ¥30.91 in the previous year.

Ito-Yokado's parent company half-year reported recurring profits of ¥17.6bn (up 37.1 per cent), net profits of ¥8.7bn (up 30.6 per cent) and half year sales of ¥443.7bn (up 6.1 per cent), which were reflected on consolidated business achievement. Earnings of 20 subsidiaries including Seven-Eleven convenience stores and Denny's Japan restaurant chain and eight affiliated companies under equity methods were also reflected on consolidated earnings.

**BHP and Esso to spend A\$1.8bn in Bass Strait**

SYDNEY—Broken Hill Proprietary (BHP), Australia's largest company, and Esso Exploration and Production Australia yesterday announced plans to spend A\$1.8bn (US\$1.5bn) to boost oil and gas production from their Bass Strait oilfields.

The two companies, which are partners in Australia's principal offshore oil producing region near Melbourne, said tax concessions offered by the Australian government had cleared the way for the new developments.

The companies said they will begin construction on the Bream Field platform and pipeline project in the Bass Strait in mid-1985 and will conduct tests on the viability of oil production from several other sites in the region.

If the tests meet expectations, the production programme will include four new platforms and five sub-sea production projects at a cost of A\$1.8bn.

Esso Australia said the new projects have an estimated potential of recovering 150m to 200m barrels of crude oil.

In addition, the 50-50 partners are to examine the feasibility of developing other small accumulations in the fields off Victoria.

In Canberra, Mr Peter Walsh, the Resources and Energy Minister, announced new excise arrangements for undeveloped oilfields discovered before September 1975, establishing a new intermediate excise rate.

In addition to the development of Bream at an estimated cost of some A\$376m Esso and BP will drill delineation wells at East Kingfish, Barracouta and Turrum to determine if each field is viable.

They said development of these fields would require large investments to recover small oil reserves and each will be considered for development separately.

Studies are also under way on proposals to develop the Tuna B field and two small new fields, Tarwhine and Seaborne.

Bass Strait currently produces about 450,000 barrels of oil a day.

Agencies

**Banks face restrictions in South Korea**

SEOUL—South Korea, worried about increased activity by foreign banks, is reported to be planning to restrict the establishment of new foreign bank branches to protect domestic interests.

Newspaper reports said the plan was contained in documents presented by the Economic Planning Board to a National Assembly sub-committee. There was no official comment.

At present, 48 foreign bank branches are operating in South Korea. The document reportedly said establishment of new foreign bank branches would be allowed on a selective basis when necessary for the nation's economic diplomacy or for overseas business or domestic banks. Priority would be given to foreign banks which offer low interest loans and have favourable trade relations with South Korea.

Beginning next year, however, finance ministry officials said the government plans to remove some of the existing restrictions on foreign banks, allowing them to get discounts from the Bank of Korea for export financing and to expand their capital. They said there also will be lifting of the guarantee of a 1 per cent margin in swap transactions with the Central Bank.

Agencies

**VW South Africa lays off 680**

BY ANTHONY ROBINSON IN JOHANNESBURG

VOLKSWAGEN South Africa became the latest victim of the slump in new car sales yesterday. It is to lay off about 680 of its 7,000 workers on Friday and close sections of its main factory near Port Elizabeth for two weeks from October 29.

The company has just spent R200m (\$112.3m) tooling up for introduction of the new Golf model, as well as new product engineering facilities and a new paint shop. This has cushioned it against lay-offs so far.

Production of the Golf will not be affected by the cuts, and the production line will continue to work a normal five-day week. But the press shop will go on a four-day week. Other product lines, like those for pick-up trucks and Audi and Passat models, will close for two weeks and resume work on a three-day week from October 29.

Volkswagen has been forced to join Ford, General Motors, Nissan, Amcar and most other motor manufacturers operating in South Africa and cut overall production in face of the nearly 40 per cent decline in new car sales since July, when the Government increased the general sales tax from 7 to 10 per cent.

The tax increase effectively killed off the boom of the first six months and faced the industry with violent swings in demand.

raise funds for expansion in India and to ease problems created by India's foreign exchange regulations for companies with 40 per cent or more foreign ownership.

Many Calcutta business men believe that some UK-based companies have not taken enough trouble to develop their Indian interests since the early 1970s because, they say, the problems of foreign exchange and monopoly legislation have been wrongly regarded as insurmountable. As a result new Indian companies have gained in market share.

In Indian terms, Dunlop India is a potentially viable company that is regarded locally as a sound long-term investment despite the sharp recession in the tyre market.

Dunlop India has strong cash reserves but its 10,500 labour force is about 20 per cent above requirements. Its labour bill accounts for 12 per cent of its turnover compared with 4 per cent for a tyre company already owned by JK and 6 per cent at Modi, the market leader with 28 per cent of India's tyre sales.

Dunlop in the UK has refused to confirm that the Indian company is up for sale at a time when it has been selling other interests. Its board is expected to make a decision in the middle of next month (week beginning November 12). Any sales would probably take several months to complete and approval from various Indian government departments and agencies would probably be delayed till after the Indian general election due to be held by January.

**Goenka is front runner in Dunlop race**

BY JOHN ELLIOTT IN CALCUTTA

THE GOENKA family of Indian companies has emerged as front runner to take over some of the British-held assets in Dunlop India if Dunlop Holdings decides next month to go ahead with a sale.

Goenka, which already owns Ceat Tyres, a major Indian tyre manufacturer, would be backed with finance from Mr K. Chhabria, an Indian living in Dubai whose interests include a Jumbo Electronics.

Two other major Indian groups—Tata and JK owned by the Singhania family—are still in the running. The choice of the eventual winner may depend on whether the Dunlop board decides to sell all its 40 per cent stake in order to raise about £18m to boost its UK cash position or sells only a smaller amount to bring local management expertise into the Indian business.

Mr R. P. Goenka was in London last week for talks with Dunlop. He is believed to have switched from offering to buy cent for a tyre company already

possible sale

The possible sale of the Dunlop stake has arisen at a time when a number of old-established British companies with Calcutta based subsidiaries have been reducing their stakes.

Dunlop UK's stake was reduced from 51 per cent to 40 last year. At the same time GKN's stake in Grest Keen Williams (GKW) was reduced from 39 per cent to 49.9 per cent, a figure which will probably be reduced with share and debenture issues to 40 per cent in two stages over the next three years.

Often these stakes are disposed of on the stock market to

Made an offer

Meanwhile, GKW's Calcutta management has been told that the GKN board in London does not intend to reduce its stake below the planned 40 per cent. The Singhania family's JK group is understood to have made an offer for the company recently. It has also been expressed by part of the Birla family and by Mr Swraj Paul, an Indian born London-based businessman who runs the Caparo group in the UK and is linked with the Apeelaj group of Calcutta.

**Increase in bad debts hits Nedbank**

AN INCREASE in bad debts and adverse interest rate costs have led to a significant decrease in the disclosed taxed profit of Nedbank, South Africa's third largest banking group, writes Jim Jones in Johannesburg.

Disclosed taxed income after transfers to inner reserves dropped to R105.1m (\$59m) in the financial year ended September 30 from R121.6m in the preceding year. The real decline is sharper than indicated by the disclosed figures as a lesser portion of profits was transferred to inner reserves in the year just ended than in financial 1982-83.

The decline occurred entirely in the second half. At the half-way stage taxed disclosed profit registered an increase to R50.4m from R44.5m. The second half's disclosed profit was R54.7m against R77.1m.

Mr Bob Abrahamson, chief executive, said the profit performance was mediocre when compared with the group's track record. It reflected "the

pressure felt by the banks when monetary policy was made to bear too much of the burden of (economic) adjustment."

Total group assets increased to R12.95bn in the year to end September from R10.59m at the end of the last financial year. Taxed profit was 0.83 per cent of total assets against 1.15 per cent in the previous year.

An unchanged total dividend of 68 cents has been declared though earnings per share dropped to 16.9 cents from 137.1 cents.

**N.S. FINANCE CORPORATION N.V.**

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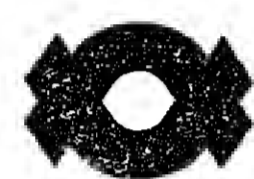
For the six months 24th October, 1984 to 24th April, 1985, the Notes will carry an interest rate of 11 1/2% per annum with a Coupon Amount of U.S.\$279.64 payable on 24th April, 1985.

Bankers Trust Company, London  
Principal Paying Agent

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

23rd October, 1984



**THE KANSAI ELECTRIC POWER COMPANY, INCORPORATED**

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Banque Nationale de Paris	County Bank Limited
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Deutsche Bank Aktiengesellschaft	Goldman Sachs International Corp.
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Morgan Stanley International	The Nikko Securities Co., (Europe) Ltd.
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**Can you remember when tin was priced at £107.0s.0d per ton?**

Recorded within the Mineral Statistics of the Parliamentary Papers for 1890/91 English Refined Tin was quoted as having traded at a high of £107 per ton, a good deal less than today's price of around £9,400 per ton.

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In accordance with the provisions of the Bonds, notice is hereby given that for the three months interest period from 24th October, 1984 to 24th January, 1985 the Bonds will carry an interest rate of 10 1/4% per annum. The relevant Interest Payment Date will be 24th January, 1985. The Coupon amount per U.S. \$5,000 will be U.S. \$136.56.

On 15th October, 1984 the Ten Year Weekly Treasury Rate was 12.33 per cent per annum.

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Floating Rate Notes Due 1986

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from 24th October, 1984 to 24th April, 1985 the Notes will carry an interest rate of 11 1/2% per annum. The Interest Amount payable on the relevant Interest Payment Date which will be 24th April, 1985 is U.S. \$279.64 for each Note of U.S. \$5,000.

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Agent Bank

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**THE FUJI BANK, LIMITED**

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Floating Rate Certificates of Deposit

Issued 24th November, 1982

Maturity 29th November, 1985 - Callable November, 1984

Notice is hereby given in accordance with Clause 5 of the Certificate of Deposit (the "Certificates") that pursuant to Clause 3 of the Certificates, The Fuji Bank, Limited will repay all of the outstanding Certificates on 29th November, 1984 at their principal amount.

Payment of the principal amount, together with accrued interest, will be made on the repayment date against presentation and surrender of the Certificates at the London Office of The Fuji Bank, Limited, 25/31 Moorgate, London EC2R 6HQ.


Interest will cease to accrue on the Certificates on the repayment date.

Bank of America International Limited  
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**Bank of Tokyo (Curaçao) Holding N.V.**

US\$30,000,000

GUARANTEED FLOATING RATE NOTES DUE 1993



Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

**The Bank of Tokyo, Ltd.**

(Kabushiki Kaisha Tokyo Ginko)

In accordance with the provisions of the Agency Agreement between Bank of Tokyo (Curaçao) Holding N.V., The Bank of Tokyo, Ltd., and Citibank, N.A., dated October 16, 1978, notice is hereby given that the Rate of Interest has been fixed at 11 1/2% p.a. and that the interest payable on the relevant Interest Payment Date, April 24, 1985, against Coupon No. 13 will be US\$55.61.

October 24, 1984, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**



INTL. COMPANIES and FINANCE

Future Rate Agreements take off

BY DAVID LASCELLES, BANKING CORRESPONDENT

IN THE HURLY-BURLY of international money broking, the name of Compagnie Financière et de Crédit hardly springs to everybody's lips. Yet this Swiss company has made a major mark in the financial markets lately by pioneering a new hedging device, the Future Rate Agreement (FRA).

Launched at the beginning of the summer, FRAs are already being used by nearly 100 banks, and most major money brokers have taken them up. The scheme

U.S. trading company. Thirty per cent of the stock is in public hands. But the key shareholders, with 20 per cent, are the Levys, an Egyptian Jewish family which founded the company in 1969, and still run it.

The Levys left their textile business after the Nasser take-over of power and settling in Switzerland, began what was to become one of the first international money broking businesses. Two brothers, André in Lausanne and James in New York, rang each other up every hour to arrange transatlantic deals. CFC's first office was a hotel room with two telephones in Lausanne, where international calls were cheaper to make than in Geneva.

Today, André and James are managing directors of a group with a balance sheet of Sw Fr 120m (\$80m) and a 1983 profit of Sw Fr 9m. "When I look behind me I see a penny. When I look in front I see a pound," said André Levy, enunciating the corporate philosophy in a recent visit to London. But the urbane M. Levy is not always as cryptic: he is known to do business in seven languages.

CFC's early growth was in trade finance and barter dealing but in the late 1960s and 1970s, the group moved into new fields, and expanded on the back of the Euro market. It entered North America through a joint venture with Dominion Securities of Canada (now Dominion Pitfield), and opened a London branch in 1968. But it expanded its UK presence three years ago, when it took a controlling interest in City Deposit Brokers, the sterling broking partnership.

"I think we can claim the credit for laying the foundations of an interbank market and preparing the first documentation," he says, a claim which other brokers respect.

CFC, with its London system running, has turned its sights to the U.S., where trading in FRAs has more recently begun. CFC, which is based in Lausanne, is a complex company, the interests of which are as diverse as its ownership. It is best known for its money-broking subsidiary, Tradition, the largest non-British international broker. But it also owns two banks, and has a string of joint ventures in North America and the Far East.

CFC itself is 25 per cent owned by the Vaud Cantonal Bank, 20 per cent by Renault's finance subsidiary, and 5 per cent by Philipp Brothers, the

FUTURE RATE agreements have grown rapidly as a means of hedging against interest rate fluctuations. In a typical deal, Bank A, needing three-month money six-months ahead, finds, through a broker, Bank B, a counterparty.

The two banks sign a contract under which Bank B agrees to make compensation to Bank A for any disadvantage the latter might face from movement in the three-month deposit rate, as measured by the London inter-bank offered rate (Libor), between the day the contract is struck to the

day six-months forward when the contract matures.

If the three-month rate goes down, then Bank A compensates Bank B for the difference.

The advantages of FRAs over financial futures, for which there are no margin calls, and they do not have to be fitted into the standard sized contracts and delivery dates of the futures markets. Also, they do not appear on the balance sheet which is a major consideration at a time when banks' capital ratios are under pressure.

and bought Fraser May, an ailing money broker.

Not everything worked out as planned. A joint financial futures venture with E.D. and F. Man, called Mantral, was dropped when it failed to live up to expectations.

At the same time, CFC developed its banking interests. In 1971, the Levys established Compagnie de Banque et de Crédit in Lausanne, primarily for portfolio management and capital goods export finance. Then in 1979, it took a 20 per cent stake in Banque Internationale de Placement, a newly established Paris bank, the other owners of which are Midland Bank, of the UK, and Société Générale, of Paris. The bank deals mainly in the money markets and is highly profitable.

Many countries, including the UK, frown on banks being tied up with money brokers, because

of potential conflicts of an agent-principal kind. But while this is tolerated in Switzerland, CFC has reorganised itself, so that the banking and broking interests are now in separate subsidiaries of a holding company.

The next geographical step will probably be a move into Japan. André Levy was in Tokyo this month investigating opportunities.

The FRA has given a major boost to Tradition's earnings and its reputation as an innovator in a market that is always hungry for new ideas. M. Levy describes the FRA's contribution as "significant." But now that most other brokers have jumped on the bandwagon, Tradition's commanding lead has been cut back. Has it got a new idea up its sleeve? "We have imaginative people," replies M. Levy.



André Levy, enunciates the corporate philosophy

is: two banks agree on compensation, one to the other, on swings in interest rates over an agreed period. Brokers bring them together for a commission.

Mr Daniel Yves Tréves, executive vice president of CFC, and former corporate treasurer of Nestlé, says the idea arose simultaneously last year from several banks who were looking for something simpler than hedging through the financial futures market.



The dealing room at Tradition, London, handles Future Rate Agreements

New Issue  
October 24, 1984

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Top Federal S&L Regulator expresses full confidence in new Chairman of AMERICAN SAVINGS.



The Federal Home Loan Bank Board has expressed its full confidence in, and support for, William Popejoy, the newly appointed Chairman and CEO of Financial Corporation of America and its subsidiary, American Savings, the nation's largest savings and loan.

In a statement on behalf of the Bank Board, Chairman Edwin J. Gray said: "We believe Mr. Popejoy and the leadership he will bring to FCA and American Savings deserve the confidence and support of the financial and depository communities."

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UK COMPANY NEWS

Acquisition lifts London & Northern

TURNOVER AND pre-tax profits at London and Northern Group have increased substantially in the first half of 1984, reflecting the "major contribution" from United Medical Enterprises acquired last year.

The following companies have notified the Stock Exchange of their acquisition of shares in the company. Such notifications are usually held for the purpose of considering dividend. Details of the companies are in the list below and are based on the latest available information.

Table with columns: Company Name, Date, and Shareholding Percentage. Includes Anglo Amer. Corp. of S. Africa, Cas, Chloride, etc.

hospital developments in the UK. The construction sector is experiencing a shortage of overseas contracts and pressure on margins. The performance of the building products and services division is satisfactory, although affected by the miners' strike and the imposition of VAT on double glazing.

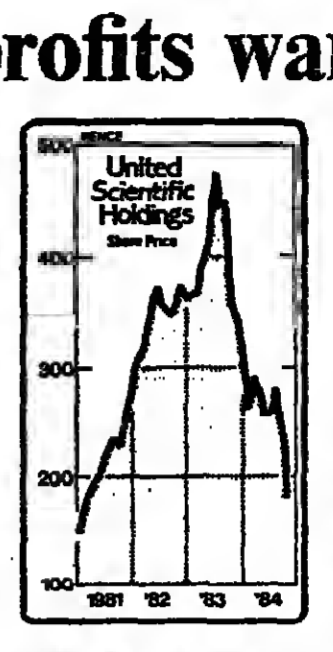
Highland Electronics ahead and sees more

A FURTHER IMPROVEMENT in pre-tax profits from £503,000 to £660,000 has been shown by Highland Electronics Group for the year to the end of April 1984. The early months of the current year indicate pre-tax profits will continue to rise in line with 1983/84, say the directors.

While the market waits for some more convincing evidence that the shares deserve a re-rating, investors enjoy a good prospective yield of around 8 per cent at 79p assuming a net dividend for the year of 5p up from 4.5p net. A pre-tax profit of £15m for the year gives a pe of around 6.

United Scientific shares fall on profits warning

SHARES in defence contractor United Scientific Holdings slumped yesterday on an announcement by the company that profits for the year to September 1984 will not reach the previous year's total of £15.5m.



It seems likely, though, that the fall this year will be sharper. City analysts now expect profits to be in the range £12-13m, and sources close to the company regard the lower figure as the more likely.

Mr Peter Levene, the group's chairman, said the manufacturing side of the company, comprising military optical equipment and ex-BL tank maker Alvis, had results similar to those of the previous year.

However, the year to September 1983 had benefited from a couple of extremely high-margin contracts in arms trading, and these had not been repeated this year.

The market now expects that the Alvis purchase might be an important factor in the decline in the USH share rating. One said: "It's got to be faced that Alvis is not intrinsically of as high a quality as the rest of the group. That's now reflected in price volatility, and also in the shares."

Comben Group's surge to £2.5m in first half

ESTATE developer and house builder Comben Group has expanded considerably in the first half of 1984. In July it became a subsidiary of Trafalgar House, which bought a substantial holding of shares from Carlton Industries and then made an offer for the remainder.

Associate boosts Silvermines

A 6 per cent interest in Anglian Windows was sold to British Electric Traction for £1m. An option to sell the group's remaining 20 per cent to BET was also negotiated.

Bids and Deals and Mining News, Page 28

Once again the group needs to consider increasing capacity and its workforce, but directors are confident that the potential demands of customers. Since the year end the company has disposed of its smallest operating units to amend the articles to permit the company to purchase its own shares.

Caparo Properties ahead and hopes to pay final

FOR THE first half of 1984 Caparo Properties moved ahead from pre-tax profits of £36,000 to £44,000. Property rentals and storage income of this property investment and dealing concern, rose by £208,000 to £142,000.

More stores for 'confident' Heelamat

AT the annual meeting of Heelamat Holdings, a beef-bar group trading under the name "Auto-Magic", Mr Michael Stroom, chairman, told shareholders that between now and Christmas he anticipated that a further three more stores would be open, and that by the end of the financial year in April they would have opened four more, including relocations.

Pressac closes in Singapore as losses grow

IN spite of "vigorous action" taken, the Singapore operation of Pressac Holdings showed an acceleration of losses in the second half of 1983. It was decided to close it down and this had a dramatic effect on group results.

Table of BASE LENDING RATES for various banks including A.B.N. Bank, Allied Irish Bank, Ansbach Bank, etc.

DIVIDENDS ANNOUNCED

Table listing dividends for companies such as Chesterfield Frogs, English National, Highland Electric, etc.

COMPANY NEWS IN BRIEF

Net asset value of Japan Assets Trust had risen to 68.9p by October 19, 1984, the directors report. This follows an increase from 45.14p to 68.12p over the company's financial year ended September 30 1984.

Turnover for the group advanced from £13.88m to £19.51m, and the gross profit was up from £3.10m to £3.56m. After tax £262,673 (£235,643) second half profit was reported (£11,430), the attributable profit is £293,655 (£290,598) for earnings of 11.9p (8.36p) per share, but this is subject to the £600,000 closure costs.

Advertisement for SHARE DRUG STORES PLC, including share capital details and contact information for County Bank Limited.

Advertisement for PLASMEC plc, detailing share capital, turnover, and contact information for Hoare Govett Ltd.

Advertisement for TAY Pre-tax profits up 44%, including turnover, gross profit, and earnings per share details.

# BIDS AND DEALS

## Virani to pay £7m for 125 off-licences

By Charles Batchelor  
Virani Group, Mr Nazmu Virani's private hotel and property company, is to buy the 125-strong chain of Bottle in a Basket off-licences owned by the Watney Combe Reid arm of Grand Metropolitan for around £7m.  
Grand Metropolitan has only a relatively small stake in the off-licence sector where far larger groups such as Bass and Whitbread have been buying up smaller operators over the past year or so.  
Virani Group, whose chairman also heads Belhaven Brewery, plans to sell Belhaven beers through the off-licences which are all in the London area. This could give an important boost to the Scottish brewery, which is very dependent on free-trade outlets and exports for its sales.  
Agreement has been reached on the sale which is expected to be completed within the next month. Financial details were not available but the deal is for cash.  
Watney said it could not comment on the deal until next week. Depressed beer sales through pubs has prompted the large brewers to extend their off-licence business.  
Whitbread last week paid £2.3m for Whittalls Wines of Walsall with 73 outlets, following the purchase earlier this year of the Ashe and Nephew chain, with 325 shops, from Lombro in an £15m deal.

## Discussions at Herman Smith are continuing

More than three weeks have passed since the directors of Herman Smith told shareholders that their company was in talks which might lead to an offer.  
Despite the silence from the board since then and the on the record "No comment at the present time" statement yesterday from the chairman, Mr H. Herman-Smith, talks are still progressing and the market believes that an announcement could be made later this week.  
Last night the shares held steady at 3 1/2p, exactly where they were immediately after bid talks were first announced on October 1. At this level the West Midlands engineering group is valued at £2.3m.  
The family controls over 50 per cent of the equity and Industrial and Commercial Finance Corporation just over 20 per cent.

## Reckitt raises the stakes in struggle to get Kiwi

BY TERRY POVEY  
Reckitt and Colman, in an attempt to regain momentum in its struggle to win control of Australia's Nicholas Kiwi, yesterday increased its offer for the household products and non-prescription drugs from A\$340m to A\$370m (£257m).  
Over the last few days the initiative in the battle between Reckitt and Consolidated Foods Corporation (CFC) of the U.S. for control of Kiwi had passed to the American company following its aggressive bidding on the market for all parcels of shares that became available.  
According to Reckitt the latest bid follows discussions with the Kiwi board. Almost three weeks ago CFC made a cash plus paper bid for most of Kiwi which valued the company at a notional A\$4.29 a share ex-bonus. This bid was accepted by the Australian company's board and major shareholders — the Nicholas Ramsay and Wickens families who between them hold some 43 per cent of Kiwi.  
As well as a new cash bid of A\$4.30 a share ex-bonus, Reckitt is also offering a partial cash plus share alternative of one existing Reckitt and Colman

(Australia) share plus A\$1.45 in cash for each Kiwi share.  
The latest offer from Reckitt is, however, well below the level at which trades in Kiwi have been made this week. Yesterday its shares closed at A\$4.52m — mainly due, according to both the UK company and Australian brokers, to the willingness of CFC to pay handsomely for shares in order to prevent Reckitt from obtaining a blocking 25 per cent minority in Kiwi.  
Last week Reckitt bought its original bid back to life by snatching 14.9 per cent of Kiwi and obtaining Australian Government approval to proceed with the takeover. This was the start of a market battle between the two rivals that pushed share prices up from last Wednesday's closing A\$3.90 to yesterday's A\$4.52.  
Sir Michael Colman, finance director of Reckitt, said yesterday that his company would "not be buying any more Kiwi shares at their present price." He contrasted Reckitt's offer of A\$4.30, payable within 30 days of the offer becoming unconditional, with CFC's A\$3.26 in cash plus shares in a rump

Australasian operation of Kiwi— which may not be paid until sometime next year.  
Reckitt remains hopeful that this week the Kiwi board will reconsider their backing for the CFC proposals—due to be formally voted upon at a shareholders' meeting on October 31. Reckitt shareholders will on Thursday have their chance to vote and comment on their company's bid for Kiwi.  
Yesterday's improved offer for Kiwi did not seem to do Reckitt's shares any damage. They closed up 6 at 59 1/2, well ahead of last Thursday's 51 1/2— suggesting that perhaps the UK market may be warming to the company's efforts to win control of Kiwi.  
Also yesterday the Chicago-based CFC reported increased net profits of U.S.\$43.9m (£36.5m), against \$39.8m, for its first quarter to September 29. Sales were also higher at \$1.95bn from \$1.7bn.  
For 1983 as a whole Reckitt turned in net profits of £47.1m on sales of £281m.  
The rights issue from Reckitt has received acceptances in respect of 22.48m shares, equal to 81 per cent.

## Offer expected for Hayters

BY TERRY GARRETT  
BARRING last minute hitches, an agreed offer will be made today for Hayters, Bishop's Stortford-based manufacturer of grass cutting machinery. Mid-morning yesterday the company called a halt of dealing in its shares on the Unlisted Securities Market pending an announcement.  
Though no further official announcement was made during the afternoon the company is very close to hammering out the fine details of a bid that the board can agree to.  
Hayters has been in discussions with its potential parent for the past three or four weeks but only yesterday did it obliquely let the City know of its talks.

The company's executive would not be drawn on who they were negotiating with but the bidder is believed to be a fellow engineering company, somewhat larger than Hayters but not one of the sector's large conglomerates.  
At yesterday's suspension price of 125p Hayters is capitalised at just under £3m— earlier this year the shares had been trading as high as 185p.  
Since the company joined the US Min November 1981, via a placing at 150p per share, its profit record has been uninspiring. As a private company peak profits were £231,000 in the year to September 1979, a figure it

has been unable to match in public life. In the last full year pre-tax profits came out at £296,000.  
Last month the directors reported a recovery in interim profits to March 1984 from £182,000 to £260,000 but warned that while the sales of professional grass cutting machines— largely the local authority market— were being maintained the drought conditions were having an adverse impact on domestic sales in the home market and so profits were likely to be lower in the closing months of the year. In the second half of 1982-83 pre-tax profits amounted to £414,000.

## BIDS AND DEALS IN BRIEF

Another dimension was added to the takeover struggle between Carless Capel and Leonard and fellow oil exploration group Premier Consolidated when it emerged yesterday that the Ivan F. Boskey Corporation, the U.S. company controlled by the famous Wall Street arbitrageur Ivan Boskey, had a 7.36 per cent interest in Premier.  
Carless made a final offer of one of its shares plus £1 of convertible unsecured loan stock for every four Premier shares last week valuing Premier at over £100m. Carless already controls nearly 15 per cent of Premier

following a raid on its shares through the market. There has been some speculation about a rival U.S. bid.  
\* \* \*  
The Winterbottom Energy Trust, an investment trust which invests in energy shares, yesterday revealed that it is involved

in discussions with an unnamed party which could lead to an offer for the investment trust.  
"A further announcement will be made as soon as possible," said Winterbottom. "In the meantime shareholders are advised to take no action with their shares."  
On the London stock exchange the share price of the investment trust closed 96, up 3p valuing the group at £23m.  
\* \* \*  
Drayton Consolidated Trust's holding in United Newspapers has been reduced to 1.36m ordinary shares (3.68 per cent) following the sale of 525,000

## Redland in UK clay tile market with £15m Wragg purchase

BY CHARLES BATCHELOR  
Redland, the construction materials group, has bought Thomas Wragg and Sons, the holding company of Rosemary Brick and Tile Company, in a £14.6m deal which will take Redland into the UK clay roof tile market for the first time.  
Redland is keen to expand further into the market for clay tiles, which are generally much more expensive than concrete tiles, and is looking at Germany and France for possible further acquisitions, Mr Colin Corness, chairman, said yesterday. Redland bought an Australian clay tile maker 18 months ago.  
After many years in which clay tiles were driven out of many markets by cheaper concrete tiles the clay variety is gaining ground, particularly in high quality domestic and commercial building work, Mr Corness added.  
The UK clay tile market is worth about £30-£35m but accounts for only 6 per cent of the total tile market. Steeley, which recently escaped a takeover bid from Hepworth Ceramic, dominates the clay tile market but Rosemary Brick, based in Cannock, Staffs, is number two with a 20 per cent market share.  
Part of the attraction of Rosemary for Redland is its technology. Clay tiles are baked while concrete tiles are formed by the extrusion of a sand and cement mix.  
The purchase of Wragg will

be financed by the issue to the vendors of 4.49m new Redland shares, £3.1m of 11 per cent 1983-1984 unsecured loan notes and £100,000 cash. Some of the vendors will also pay £900,000 for certain of Wragg's non-operational assets.  
Baring Brothers, the merchant bank, together with stockbrokers Cazenove, yesterday placed 2.08m of the Redland shares at 25p to provide cash for the vendors.  
Wragg has forecast pre-tax profits of £2.4m for the year ending December 31 1984. At a 35 per cent tax charge the exit price earnings multiple is 9.4.  
The Vendors are 20-30 members of the Wragg, Perkins and other families.  
Rosemary, which has extensive clay reserves, will also add a new range of blue and brindle bricks to Redland's existing brick sales while the acquisition will also improve Redland's geographic coverage.  
Redland has expanded aggressively by acquisition in recent years, buying Cawoods Holdings, the fuel distribution and building materials group, for £135m in 1982.  
In January 1983 it put in a £35m bid for Istock Johnson, the Leicestershire brickmaker, topping an earlier bid from London Brick but in April 1983, fearing the Monopolies Commission would block its bid, it withdrew.  
Redland's shares rose 3p yesterday to 260p.

## Hambros deal completed with Strauss

Hambros has completed its purchase of 29.9 per cent of Strauss, Turnhill and Co. Mr J. C. L. Keswick and Mr P. D. Hill-Wood, of Hambros, will join the board as non-executive directors.

## Booker agrees offer terms with Tihill

Booker Agriculture International, a subsidiary of the food group Booker McConnell, has manufacturing and retailing divisions, has agreed to accept the offer of £3.49m from Tihill directors and other shareholders in respect of approximately 94 per cent of shares.  
Tihill, a forestry manager and contractor, operates from 15 centres serving the UK. Turnover in the year to September 30 1983 was £5.5m, producing taxable profits of £423,000. The directors state that profits for the 1984 year will be higher.  
Booker is confident that given the support of its resources and experience Tihill's business is capable of further development.

## Production shortfall and increased costs peg Denison growth

CANADA'S diversified energy producer, Denison Mines, which earlier forecast a further growth in earnings this year, has suffered a setback in the third quarter. Net profits for the period have fallen to C\$19.3m (£12.2m) from C\$22m in the previous three months and compare with C\$23.74m in the third quarter of 1983.  
Total earnings for the first nine months of 1984 amount to C\$60.5m, or C\$1.21 per share, compared with a restated C\$70m, or C\$1.68 per share for the same period of last year. This fall in earnings per share is partly a result of the increased capital expenditure on the acquisition of Seagull Petroleum in the final quarter of 1983.  
But the 13.6 per cent decline in profits reflects lower oil production in the third quarter at the Spanish Casablanca offshore

field coupled with increased outlays on oil and gas exploration income, reports John Sganich from Toronto.  
The directors emphasise that the cash flow from operations has increased to C\$196.4m from C\$166.1m. They add that the shortfall in oil production is being rectified by the new development drilling programme, with two new production wells now being completed. At the same time, Casablanca output is expected to be restored progressively over the next six months.  
At the big 50 per cent-owned Quintette open-pit coal mine in British Columbia, where start-up production levels have been behind schedule, output continued to increase in the third quarter and is expected to reach contract levels in the current three months.

## Paget considers mining to be viable at Edjudina

HIGH value gold assays have been obtained by Paget Gold Mines from drilling of the old Paget mine at Edjudina in Western Australia. They range widely from over 20 grammes gold per tonne to as much as 199.2 g in one intersection, but the mine from very narrow reef formations of only 0.02 metres to 1.2 m in width, or thickness.  
Even so, Paget feels that it is on to a viable proposition and hopes to get some production

early next year. It is conservatively estimated that the underground mine can support an operation of about 20 tonnes of ore per day with a recovery grade of 12g per tonne.  
The mine was last worked in the 1930s but was allowed to close during World War II. It is now in process of being dewatered by Paget which last year raised sufficient funds of A\$20m to start up the project. Investigations are being started into the financing of the project to continue.

## MINING NEWS

**SOUTH AFRICA'S Trans-Natal Coal Corporation** sees indications of an upturn in the volume of internationally traded steam coal. Mr S. P. Ellis, the chairman, says that exports from South Africa, Australia and Poland have risen significantly. Trans-Natal has seen an improvement on spot prices of \$3 per tonne this year and expects the trend to continue.  
\* \* \*  
**Malaysia Mining Corporation** reports net profits for the six months to July 31 of M\$20.4m (£7m) compared with M\$14.4m a year ago. After deducting extraordinary items the respective figures are M\$30.8m and M\$13.7m. The interim dividend is unchanged at 5 cents less tax at 40 per cent.  
\* \* \*  
**Australian Consolidated Minerals** says that a new feasibility study of its Big Bell gold project... in Western Australia estimates an operating cost of A\$294 per ounce (about US\$244) for gold to be produced from the open-pit and A\$219 for that from underground. Reserves at the proposed open-

pit are put at 5.16m tonnes of an average gold grade of 2.5 g per tonne. These would be worked prior to the underground operation coming on stream. Based on a mine life of 20 years, estimated capital costs for the open-pit are A\$50m plus A\$90m for the underground mine. Investigations are being started into the financing of the project to continue.  
\* \* \*  
**Thames Investment and Securities**, the USM property group, has received an approach from a company called Weber from the share capital of Thames. Talks are in progress and both sides said that the discussions "may or may not lead to an offer by Weber for the whole of the share capital of Thames". Thames shares are not at present suspended.  
\* \* \*  
**A subsidiary of F. J. C. Lilley, Lilley Construction** has purchased the share capital of Chigron, Tunnels from the Charterhouse J. Rothschild Group for £2.27m for the shares and satisfaction of inter-company indebtedness.  
\* \* \*  
**Charcoal Tunnels** is based in Nottinghamshire and makes concrete tunnel segments.

These securities having been sold this announcement appears as a matter of record only. September 1984

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## CHINA SURVEY

The China survey, will now be published on Monday October 29

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Conferences

THE BRITISH COMPUTER SOCIETY
Auditing by Computer Specialist Group

COMPUTER FRAUD ADDRESSING THE REALITIES
Speakers: Willie List, Thomson McLintock, Mike Comer, Network Security, John Mitchell, British Gas, Adrian Norman, Arthur D. Little

Announcements

Dubai Municipality Street Lighting Study
Dubai Municipality invites consultants to submit offers for a study of street lighting for Dubai, based on revised terms of reference.

Personal

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## TECHNOLOGY

EDITED BY ALAN CANE

BRITISH BREAKTHROUGH IN BIOENGINEERING

## 'Superglue' for the stuff of life

BY IAN HAMILTON FAZEY

A BRITISH biochemicals company has developed the genetic engineering equivalent of a super-glue that is expected to accelerate worldwide research and speed the discovery of applications for the whole field.

The "glue" is so efficient that complicated feats of genetic engineering will no longer have to be performed by highly qualified scientists using carefully controlled laboratory procedures that sometimes take days to carry out and do not always work.

It can be kept in a bottle on the shelf for use as required like any other reagent. Using it is simple — you just add it to the bits of genetic material which you want to stick together and shake the test tube. It does its job in about an hour at 95 per cent efficiency. The methods it is set to replace often join up only 40 per cent of the material they are supposed to.

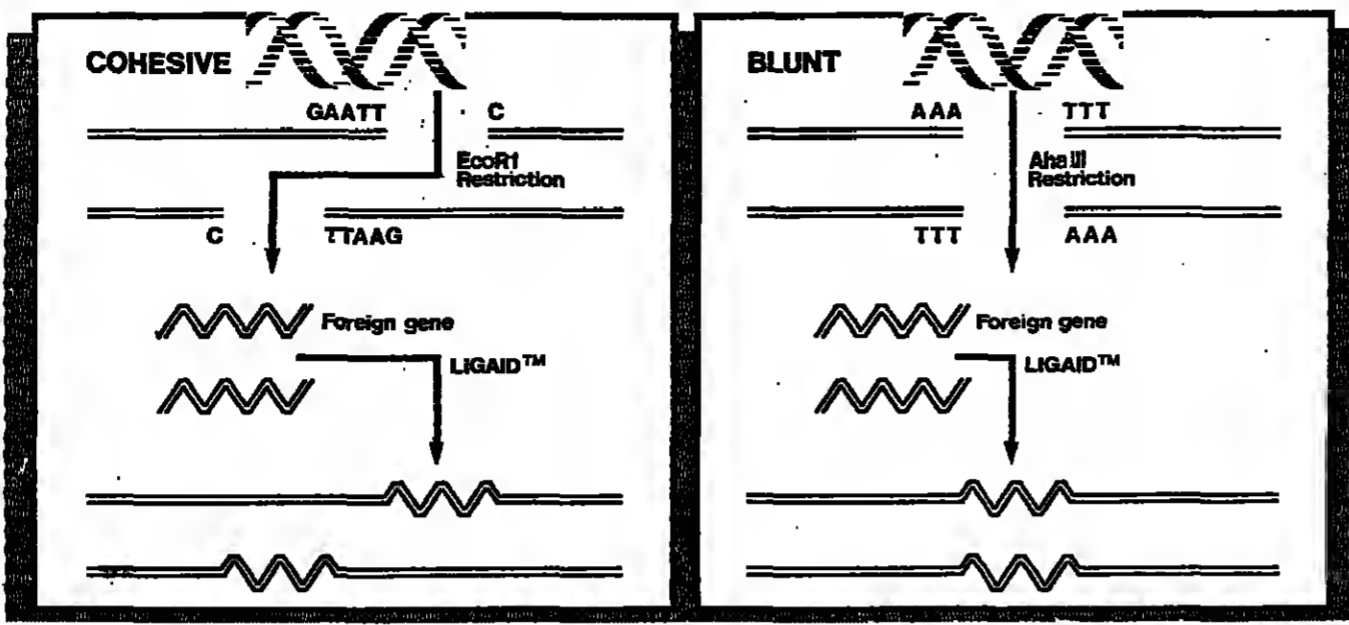
The "glue" is a chemical reagent called Ligaid and has been developed by P and S Biochemicals of Liverpool. It goes on the market tomorrow. Field tests by Genex Corporation in the U.S. have already produced an enthusiastic response and large advance orders.

## Intractable

Ligaid solves one of genetic engineering's most intractable problems — how to insert reliably certain bits of genetic code into other genetic material, usually circular molecules of deoxyribonucleic acid (DNA) called plasmids.

It is these "doctored" plasmids which are then despatched by scientists to invade bacterial cells, where they take over chemical processes and force the cells to replicate the invaders, together with any material inserted in them. It is through processes similar in principle to this that the hopes of eventual mass production of drugs such as insulin or interferon by genetic engineering.

P and S Biochemicals has been prominent in genetic engineering so far because of its development of many of the "tools" used to cut up genetic material in the first place. These are known as restriction enzymes. There are hundreds,



Why the new "glue" is needed. Genetic material, DNA, is cut up by biochemists using chemical tools known as restriction enzymes. These recognise particular sequences of the four bases in DNA (A, C, G and T) and split the double helix between two of them. Other genetic material can then be

probably thousands of them and each has an affinity for a particular sequence of chemicals in DNA.

When it comes across that sequence it cuts the DNA at that point, a property that can be used to open up a plasmid's circular molecule ready for insertion of another piece of DNA cut out of something else. However, there are two types of "cut," one of which is easy to stick something to and the other difficult.

To explain this, one must first take a rudimentary look at the structure of DNA which is rather like a rope ladder twisted along its axis to form the well-known double helix. Each helix is made up of thousands of combinations of just four building blocks or bases. The "rungs" joining the one helix to the other are not so much physical as the chemical affinity that allows each base to pair with only one other.

The four bases, adenine, cytosine, guanine and thymine are known universally by their initials, A, C, G, and T. Base A always pairs with T and, similarly, base C with G. The various sequences of the bases comprise the genetic code.

What this means in the double helix is that, say, the sequence GAATTC in one helix would be joined by "rungs" to the sequence CTTAAG in the other. Similarly, the sequence AAATTT in one helix would pair with TTTAAA in the other.

If a restriction enzyme known as EcoRI is mixed with DNA and finds the GAATTC sequence, it cuts it between the T and the C in each helix — that is "diagonally" across our analogous twisted rope ladder. This leaves one helix longer than the other on each side of the cut, with an AATT sequence floating loose in one and TTAAT in the other.

## 'Sticky'

These are known as "sticky" or "cohesive" ends because in order to insert another piece of DNA between them, all one has to do is cut it with EcoRI too. (So that its loose ends also contain the sequences TTAAT and AATT), mix everything up with a naturally occurring chemical called ligase to help the process along, and wait the natural tendency of A's to pair with T's eventually leads to the loose ends sticking together.

inserted into the gap created. This is easier if the cut is diagonally across the double helix because a "sticky" cohesive end results. A "blunt" end, however, is very difficult to cope with.

Were all ends like this there would be no problem, but the other type of cut can be more useful to the genetic engineer. Unfortunately it is much more difficult to handle.

Such a cut occurs, for example, when an enzyme called Aha III — jointly developed by Liverpool University and P and S Biochemicals — is used. Its affinity is for the AAATTT sequence and it cuts between the middle A and the middle T. Since the balancing sequence in the other helix is a symmetrical TTTAAA, the cut is straight across the analogous twisted rope ladder to produce what are known as "blunt" ends.

There is nothing sticky about these at all but making them so is very important, since it means that any other blunt end can be attached to them — and unlike the case with cohesive ends it does not have to be a similar sequence of bases to the one involved in the original cut. This increases the range of genes that can be inserted.

So far, scientists have used ligase as a sort of glue and have found that its efficiency is only 40 per cent on blunt ends. To get that, great care has to be taken, keeping the mixture

of chemicals at certain temperatures and nurturing the process along day and night for, perhaps, 60 hours, which might well mean sleeping on a camp bed in the laboratory.

## Cocktail

Ligaid — a cocktail of ligase and other chemicals which the company refuses to talk about — does the job better in only an hour over a normal range of everyday ambient temperatures. Since the process requires no skill, it can be done by a technician, freeing highly qualified scientists to get on with more important aspects of the work.

Not surprisingly, P and S Biochemicals expects Ligaid not only to replace the present \$1m a year world ligase market, but to expand it vastly.

Mr Peter Brown, the company's general manager says: "What are now regarded as impossible tasks will become commonplace. The order of significance is like comparing photocopying with what can be accomplished by a good copy typist. It leads to something much more than just replacing the function."

Computing

## Tandem develops into small systems

TANDEM, a U.S.-based computer company best known for its "Nonstop" superminis, has launched a family of multi-function personal workstations and software called Dynamite. Jerry Peterson, vice president of international marketing for Tandem, said in London last week: "Dynamite represents a significant move from Tandem's traditional role as a supplier of central processing capability for high volume transaction processing."

He went on: "It will satisfy the needs of users who want to access a corporate database and manipulate that data with personal decision support tools." It may also puzzle those who have been studying Tandem's fortunes over the past few years. It is one of the truly innovative computer manufacturers, a company that appreciated 10 years ago the importance that systems which would not fail would have, especially in areas like electronic banking and defence systems.

It was also prepared to stand by its belief in nonstop or fault tolerant systems, and saw that rewarded by substantial and sustained growth between 1978 and 1984.

1984, however, seems likely to be the third consecutive year of essentially flat earnings for Tandem, even if revenues have doubled in the same period.

Even its most faithful supporters are beginning to show irritation. Mr Stephen Smith of the New York securities house Paine Webber (a market-maker in Tandem Computers) has consistently stuck to his view that: "Tandem will quickly recover from its present problems."

In his latest analysis he notes tersely: "Tandem's recent difficulties are largely of its own making," going on to blame a tendency to attach too much importance to large-scale applications at the expense of small to medium-sized systems where Tandem salesmen feel more comfortable.

So much depends on Dynamite, IBM-PC compatible desktop machines which can run off the shelf software and communicate with mainframe computers. It remains to be seen if it is enough to turn the trend.

Chemicals

## Thin film for oil reclamation

A PLANT for refining engine crankcase and other oils and said to be the first of its kind in the UK has been opened at Halesowen, West Midlands. The initiative of Midland Oil Refineries, and developed with grant aid from the Department of Industry and encouragement from the Department of the Environment, the plant represents a total investment of about \$1m.

The plant uses Swiss thin-film technology in which high heat and very low vacuum are combined to vaporise the used oil.

Don Hudson, managing director of Midland Oil Refineries said: "Our new plant can handle 3,000 gallons of used crankcase oil each day, with as much as 2,700 gallons of the oil being returned to specification."

Electronic

## Colour video printer

MITSUBISHI ELECTRIC of Japan has developed a video-printer capable of producing instantaneous printout of television pictures.

It is already marketing a black-and-white video printer. Technically, the composite video signal is broken down into its red green and blue components and coded digitally and stored in memory.

The digital codes are then used to drive the colour printer. A full colour print of 16 gradations can be made in about one minute. No decision on a commercial launch has been made.

Data

## Low power recorder

ROMBEN of Farnborough has launched a British-designed solid state data recorder featuring high performance, coupled with extra low power requirements.

The memory is CMOS and there is double battery back up allowing 64,000 characters of data to be stored for more than five years.

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## Banking 'Symphony' at Barclays

BARCLAYS BANK is now offering its corporate customers decision support aids on top of its basic cash management service.

The service, BarCash, offers multicurrency account information from many of the bank's 5,000 offices in 33 countries; its funds transfer capability is able to move money in any currency.

Now it has added Lotus Symphony to its treasurer's workstation. Symphony is a software package which combines spreadsheet, analysis, graphics, word processing and other functions into one integrated package.

Barclays is also claiming to be the first of the UK clearers to have added intraday and foreign exchange reporting to its package.

Storage

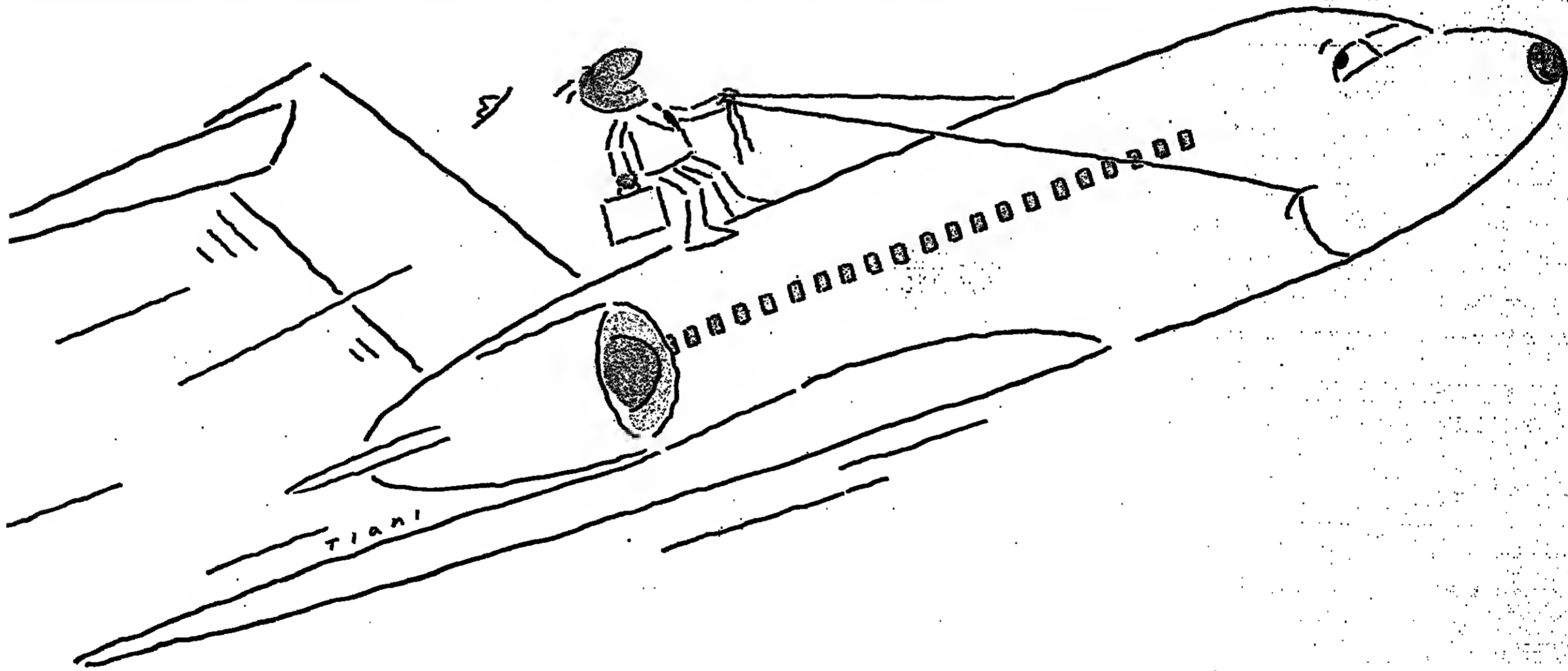
## Outlook for electronic filing

Two major influences will spur rapid growth in the European electronic filing market. First, new developments in storage technology that will allow large volumes of information to be stored at an economic price.

Second, developments in the new markets for various kinds of office automation systems.

These trends are identified in a new volume "Electronic Filing: Market in Europe" from the market research consultancy Frazer and Sullivan.

In 1982, the study says, the market for these systems in Europe was only \$5.6bn. By 1988 it will have climbed to \$13bn. The study costs \$1,800; more from F & S on 01-486-8373.



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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday October 24 1984

NEW YORK STOCK EXCHANGE 32-34 AMERICAN STOCK EXCHANGE 33-34 U.S. OVER-THE-COUNTER 34, 42 WORLD STOCK MARKETS 34 LONDON STOCK EXCHANGE 35-37 UNIT TRUSTS 38-39 COMMODITIES 40 CURRENCIES 41 INTERNATIONAL CAPITAL MARKETS 42

WALL STREET

Fall in rates confirms view on Fed

THE growing conviction on Wall Street that the Federal Reserve is slackening its grip on credit policies was fuelled by a further slide in federal funds and other rates yesterday, writes Terry Byland in New York. Money market and Treasury bill rates fell again, and cuts in prime rate to 12 1/2 per cent by two of the smaller banks raised hopes that another round of prime cuts by the majors - perhaps to 12 per cent - is in the offing. The stock market appeared more cautious, with an unexpectedly sharp fall in durable goods orders and the announcement of much lower earnings by General Motors raising some nervousness over the slowdown in the U.S. economy. Stock prices tried to struggle higher, but a gain of 5 1/2 points in the Dow average was soon lost, and prices slid lower in the second half of the session. By the close the Dow Jones industrial average showed a net fall of 4.19 points at 1,213.01. Trading volume increased, and a jump of nearly 40 per cent in the number of large share traders indicated the presence of the institutions. The shares

traded total of \$2.5m compared with \$1.7m on Monday. The transportation average dipped as profits were taken in airline issues, but the utilities average, often an indicator of market views on interest rates, remained firm. Trading volume was moderate, but a rise in the number of large trades indicated the reappearance of the institutions that had stood on the sidelines during the previous session. Optimistic views in the credit markets of the Fed's policies were encouraged by the board's announcement that it would buy \$150m in coupon securities on customer account, after the auction of 20-year Treasury bonds, held at mid-session. Ahead of the auction, for \$20bn of bonds, the 20-year issue traded in the wheat-issued market at a yield of 11.62 per cent, more than 50 basis points down on yields a week ago on comparable issues. The Fed's action will help to carry the market smoothly through the auction. The bond market also responded favourably to the fall in September durable goods orders. Long-dated bonds were 1/2 point higher at one time but lost some of their gains after the Fed's announcement. In the stock markets, oil issues, facing both the Opec meeting at the end of the month and the onset of the quarterly reporting season, steered after their recent setback. Exxon, which reported third-quarter earnings, edged up 3/4 to \$41 1/4. Atlantic Richfield gained 3/4 to \$48 1/4, also after results, while Chevron recouped 3/4 to \$32 1/4. General Motors, unsettled by warnings of a prolonged strike at GM Cana-

da, lost an early gain to slip 3/4 to \$78 1/4. Chrysler softened by 5/4 to \$33, but Ford gained 5/4 to \$50 1/4. Results from stock market firms had E. F. Hutton 5/4 up at \$32 1/4, Merrill Lynch 5/4 higher at \$30 1/4 but Paine Webber 5/4 off at \$30 1/4. At \$29 1/4, Beatrice added 5/4 on sale of its Buckingham subsidiary to Whitbread, the UK brewer. Consolidated Foods was 5/4 to the good at \$33 1/4 on higher earnings for the opening quarter. Eastman Kodak was a weak spot, 5 1/4 off at \$72 1/4 after announcing plans to enter the competitive market for computer floppy disks. Short-term rates turned lower in the credit market behind a dip in federal funds to 9 1/4 per cent. Three-month bill rates dropped to 9 1/4 per cent in the wake of Monday's auction where rates plunged to their lowest levels for nearly eight months. CD rates lost a further 15 to 20 basis points. The bond market opened with a fresh display of strength, with yields dropping to around 11.57 per cent at the longer end. But price gains were reduced later in the session, as the institutions busied themselves with the auction of the new 20-year issue.

LONDON Rates hopes underpin enthusiasm

THE SCENT of lower interest rates was felt through London stock markets yesterday while hopes that current talks could avert an extension of the miners' strike brought an added measure of enthusiasm. To round matters off, the apparent determination of Opec ministers to defend the current oil price did not go unnoticed. With sterling continuing its recovery against the dollar and UK money market rates easing further, investors opted to lodge funds in government securities. The possibility of another cut in the U.S. prime rate sweetened the attraction of fixed-interest stocks while long scores gained of a full point before interest began to fade in mid-afternoon. After-hours trading restored the momentum, and many finished at the day's high. Gains in shorts stretched to 1/4. Blue-chip equities surged behind a firmer early Wall Street, and the FT Industrial Ordinary index more than doubled its 3pm gain to close 11.7 up at 877.2. Glaxo found U.S. support, gaining 25p to 88p on revived suggestions of a Far East licensing development. Boots in an active stores sector was the only other FT index constituent to record a double-figure gain, rising 10p to 195p. Chief price changes, Page 34; Details, Page 35; Share information service, Pages 36-37.

EUROPE Amsterdam slips back from peak

A PAUSE for profit-taking brought an end to the sharp rises seen recently in Amsterdam, leaving share values to slip back from the all-time highs recorded on Monday. The market undertone remained strong, however, in large turnover over a continuation of foreign demand, particularly from the U.S. The ANP-CBS General index dipped 0.3 to 181.8. The publishing sector continued firm with Elsevier F1 1.50 higher at F1 113.50 and VNU, F1 1.30 up at F1 199.80 - both highs for the year. Some international issues held up, with Akzo F1 1.10 firmer at F1 101.80. But KLM shed F1 1 to F1 43.20, and profit-taking left Unilever F1 4.20 down at F1 312.50. Banks were mixed, with ABN up 50 cents to F1 352.50 and NMB F1 1 lower at F1 153. Among insurers, NatNed added 70 cents to F1 242.70, and Amev put on 80 cents to F1 189. Bond prices returned to their upward trend after the late retreat of the previous session. The bond index, calculated at mid-session, set a fourth consecutive record high, adding 0.1 to 107.2. A virtual absence of foreign demand and restricted institutional activity left shares lower in Frankfurt although turnover was only modest and little selling pressure emerged. The Commerzbank index shed 10 1/4 to 1,090.8. Analysts believe, however, that the positive domestic economic outlook and potential for currency gains by foreign investors will continue to underpin prices. The day's steepest decline was posted by insurer Allianz which dropped DM 50 to DM 1,097 in the wake of the company's announcement that it is not considering any stock split. The shares added DM 34 on Monday as the group announced it was considering a corporate restructuring. The motor sector continued its downward drift, with Daimler down DM 7.50 to DM 594.50, BMW DM 3.50 to DM 386, VW DM 4.80 to DM 187.50 and Porsche DM 9 to DM 1,055. Banks were also easier, with Deutsche DM 4.80 lower at DM 373.20, Dresdner DM 2.50 at DM 170 and Commerzbank DM 2.20 at DM 170. In Munich, shares of the Cologne-based BCT Computer, which went public

in February, were suspended yesterday for at least two days. The company filed for receivership last month, and the receiver has said the company will be liquidated. The shares were quoted in the over-the-counter market yesterday at DM 48.40. They had been issued at DM 100, quickly rose to DM 231 but recently dipped to a low of DM 17.50. Bond prices were little changed in quiet trading, and the Bundesbank sold a modest DM 4.4m of paper to balance the market, after purchases totalling DM 48.2m the previous day. Meanwhile, the Finance Ministry said that the decision to abolish the coupon tax on yields paid to foreign holders of German bonds had been a major factor in pushing interest rates down. The corresponding reduction in public authorities' interest payments would, by 1986, fully compensate for the income loss. Shares ended steady in Zurich in thin trading although strong demand was still evident for some financials. Pirelli was actively traded, adding SwFr 3 to SwFr 270, on favourable business prospects. Among banks, Credit Suisse fell SwFr 10 to SwFr 2,235 while Swiss Bank Corporation shed SwFr 2 to SwFr 346, despite its announcement of improved results for the first nine months. The insurance sector saw Winterthur down SwFr 10 at SwFr 2,990 ahead of the announcement that it expects good results for the year and a dividend maintained at last year's higher level. Bonds ended steady to higher on increasing volume. A modest advance was seen in Brussels, underpinned by an improved performance by market leader Petrofina which added BFr 40 to BFr 7,430 in the wake of Opec efforts to cut production to support official prices. Paris was narrowly mixed in quiet trading on the last day of the monthly trading account. Merina Gerin added FFr 40 to FFr 1,350 as it announced higher parent-company first-half profit. Air Liquide, which also announced higher first-half profit, put on FFr 2 to FFr 558. Milan was little changed to spasmodic trading although Italcementi advanced L850 to L53,900 amid continued interest in Pesenti group shares. Boods firmed slightly in moderate trading. Madrid turned higher after three successive trading sessions of losses, with the advance led by utilities. Stockholm was mixed to higher in increased turnover with one of the largest gains recorded by Swedish Match, up SKr 11 to SKr 257. In a marginally lower Oslo, Norsk Hydro added Nkr 1.50 to Nkr 121.50 as it announced higher net third-quarter profits.

TOKYO Blue chips in forefront of decline

BRISK SELLING of blue-chip issues in response to the unexpected overnight decline on Wall Street pulled share prices down in Tokyo yesterday, writes Shigeo Nishitaki of Jiji Press. Trading was erratic, with buying interest centring on speculative issues as investors appeared uncertain about market prospects. The Nikkei-Dow market average posted its first loss in five sessions, shedding 47.89 to 11,029.95. Volume of 367.64m shares was little changed from the previous day, while losers outnumbered gainers by 386 to 333, with 100 issues unchanged. Discouraged by the 8.73 point fall in the Dow Jones industrial average on Monday, dealers and individual investors stepped up selling of blue chips - other than medium-capital issues - dragging prices down almost across the board. Leading blue chips tumbled, with Hitachi losing Y18 to Y900, Matsushita Electric Industrial Y70 to Y1,880 and NEC Y20 to Y1,330. High-priced stocks also fell, with Sony down Y130 to Y4,010 and Kyocera down Y170 to Y8,170. Nippon Seiko was back in favour, it topped the active list with 13.70m shares changing hands and gained Y41 to Y714. Nissin Electric, second on the active list with 11.63m shares, advanced Y90 to Y640. Pharmaceuticals and non-ferrous metals advanced vigorously. Among biotechnology-related issues, Kakeo Pharmaceutical added Y450 to Y3,480, Banyu Pharmaceutical Y109 to Y1,020 and Mochida Pharmaceutical Y1,520 and Y18,600. Among popular non-ferrous metal issues, Mitsubishi Metal climbed Y17 to Y618 and Sumitomo Metal Miniog Y20 to Y1,540. The bond market advanced on renewed heavy buying by trust banks. These institutions placed buy orders for long-term government bonds with about nine years remaining to maturity for an estimated total of Y1,500m. Bond prices fell on profit-taking late in the session, but the benchmark 7.3 per cent government bond due December 1993 hit a record high since its listing, with the yields slipping to 6.875 per cent from 6.950 per cent.

KEY MARKET MONITORS. FT Actuaries All-Share Index. STOCK MARKET INDICES. CURRENCIES. INTEREST RATES. U.S. BONDS. FINANCIAL FUTURES. COMMODITIES. GOLD (per ounce). Includes various market data tables and charts.

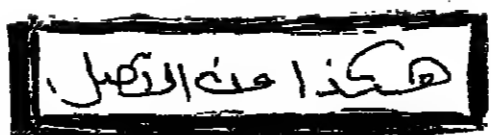
ONLY THE PUREST GOLD HAS IMMORTAL VALUE THROUGHOUT THE WORLD. Advertisement for Canada's Maple Leaf gold coins, featuring an image of a gold coin and descriptive text about its purity and value.

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month				Stock	Div. Yld. E 100s	12 Month				Stock	Div. Yld. E 100s	12 Month				Stock	Div. Yld. E 100s
High	Low	Open	Close			High	Low	Open	Close			High	Low	Open	Close		
32	32	32	32	AAR	2.00	32	32	32	AAR	2.00	32	32	32	AAR	2.00	32	32
33	33	33	33	AAC	2.00	33	33	33	AAC	2.00	33	33	33	AAC	2.00	33	33
34	34	34	34	AAD	2.00	34	34	34	AAD	2.00	34	34	34	AAD	2.00	34	34
35	35	35	35	AAM	2.00	35	35	35	AAM	2.00	35	35	35	AAM	2.00	35	35
36	36	36	36	AAN	2.00	36	36	36	AAN	2.00	36	36	36	AAN	2.00	36	36
37	37	37	37	AAO	2.00	37	37	37	AAO	2.00	37	37	37	AAO	2.00	37	37
38	38	38	38	AAQ	2.00	38	38	38	AAQ	2.00	38	38	38	AAQ	2.00	38	38
39	39	39	39	AAR	2.00	39	39	39	AAR	2.00	39	39	39	AAR	2.00	39	39
40	40	40	40	AAS	2.00	40	40	40	AAS	2.00	40	40	40	AAS	2.00	40	40
41	41	41	41	AAT	2.00	41	41	41	AAT	2.00	41	41	41	AAT	2.00	41	41
42	42	42	42	AAY	2.00	42	42	42	AAY	2.00	42	42	42	AAY	2.00	42	42
43	43	43	43	AAB	2.00	43	43	43	AAB	2.00	43	43	43	AAB	2.00	43	43
44	44	44	44	AAC	2.00	44	44	44	AAC	2.00	44	44	44	AAC	2.00	44	44
45	45	45	45	AAD	2.00	45	45	45	AAD	2.00	45	45	45	AAD	2.00	45	45
46	46	46	46	AAM	2.00	46	46	46	AAM	2.00	46	46	46	AAM	2.00	46	46
47	47	47	47	AAN	2.00	47	47	47	AAN	2.00	47	47	47	AAN	2.00	47	47
48	48	48	48	AAO	2.00	48	48	48	AAO	2.00	48	48	48	AAO	2.00	48	48
49	49	49	49	AAQ	2.00	49	49	49	AAQ	2.00	49	49	49	AAQ	2.00	49	49
50	50	50	50	AAR	2.00	50	50	50	AAR	2.00	50	50	50	AAR	2.00	50	50

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices. Columns include stock symbols (e.g., AIG, AM, AT&T), prices, and percentage changes. The table is organized into several vertical columns.

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices. Columns include stock symbols (e.g., AIG, AM, AT&T), prices, and percentage changes. The table is organized into several vertical columns.

Notes and footnotes regarding sales figures, dividends, and company information. Includes text such as 'Sales figures are unofficial...' and 'Dividend data...'

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia (continued), Japan (continued), Belgium/Luxembourg, Denmark, France, Netherlands, and Switzerland. Columns include country, date, price, and change.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of over-the-counter stock prices with columns for stock name, price, and change.

LONDON Chief price changes

Table of London chief price changes for various commodities and currencies, including Treasuries, Australian Agri, and various oils.

TORONTO Closing prices October 23. Table listing various Canadian stocks with columns for stock name, price, and change.

AMERICAN Continued from Page 33

Table of American stock prices with columns for stock name, price, and change.

Table of American stock prices (continued) with columns for stock name, price, and change.

Table of American stock prices (continued) with columns for stock name, price, and change.

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LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Revived interest rate optimism coupled with coal and oil hopes boost markets

Account Dealing Dates
Option
First Declared Last Account
Dealing Date Dealings Date

The scene of lower interest rates was one good reason for a more cheerful scene in London stocks markets yesterday, but there were other favourable influences...

Merchant banks good
Hill Samuel, on 19 late the previous day on rumours of a bid from Bats worth 320p per share...

Wort Benson, 345p, and Hambros, 157p, rising 15 pence. The major clearing banks gave another firm performance...

Leading industrial shares were overshadowed throughout the official trade by the strength of Gilfedged and other financial stocks...

Merchants were arranged in Rowlett, Mackintosh, Spencer, Jackson, Bristol, Oil and Minerals...

FINANCIAL TIMES STOCK INDICES

Table with columns for Oct 23, Oct 22, Oct 19, Oct 13, Oct 17, Oct 16, Year 890. Rows include Government Secs, Fixed Interest, Industrial Dirs, Gold Mines, etc.

10 am 857.2, 11 am 858.4, Noon 859.2, 1 pm 858.8, 2 pm 858.8, 3 pm 861.0

HIGHS AND LOWS S.E. ACTIVITY
Table with columns for High, Low, High, Low, Daily Edged, etc.

of Leros, a depressed market in late following poor interim figures, rallied 6 to 106p. United Scientific took a turn for the worse in Electricals...

Pearson rose 15 to 533p on revived rumours of a bid for its merchant banking arm. Spectram continued to respond to the good annual results...

Westgarth lost 2 to 20p following news of the increased annual deficit. Foods were much quieter after the Monday's burst of takeover speculation...

Oil move ahead
Sentiment in Oils improved considerably following reports that OPEC is prepared to substantially reduce output...

Glaxo advance
Long-term U.S. favourites, Glaxo and BTR led the advance in miscellaneous Industrial leaders...

Gold lower
A reversal of the recent trend in currencies more than offset a marginally firmer tone in bullion and left the South African sectors of mining markets showing widespread losses...

Renewed widespread falls in Sydney and Melbourne markets overnight prompted further selling of Australian issues in London. The leaders remained vulnerable with CRA down 4 more at 300p...

Contracts transacted in Traded Options
Contracts transacted in Traded Options totalled 4,713-3,154 calls and 1,559 puts. Once again, British Petroleum were in demand and attracted 830 calls...

NEW HIGHS AND LOWS FOR 1984
NEW HIGHS (62)
NEW LOWS (14)

Options
Calls were arranged in Rowlett, Mackintosh, Spencer, Jackson, Bristol, Oil and Minerals...

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Times Oct 23 1984, Mon Oct 22, Fri Oct 19, Thu Oct 18, Wed Oct 17, Year (approx).

FIXED INTEREST

Table with columns for PRICE INDICES, Year Oct 23, Day's change, Mon Oct 22, at 10.30 today, at 10.30 1984, Year (approx).

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol., Nov., Last, Vol., Last, Vol., Last, Stock. Rows include GOLD C, SILVER C, etc.

LONDON TRADED OPTIONS

Table with columns for Option, Nov., Dec., Jan., Apr., May, Jun., Jul., Aug., Sep., Oct., Nov., Dec. Rows include I.C.I., Land Sec., etc.

EQUITIES

Table with columns for Price, Issue, Amount, 1984, Stock, Change, etc.

FIXED INTEREST STOCKS

Table with columns for Issue, Price, Amount, 1984, Stock, Change, etc.

"RIGHTS" OFFERS

Table with columns for Issue, Price, Amount, 1984, Stock, Change, etc.

MONDAY'S ACTIVE STOCKS

Table with columns for Stock, Change, etc.

RISES AND FALLS YESTERDAY

Table with columns for Rises, Falls, Same, Stock, Change, etc.

LONDON TRADED OPTIONS

Table with columns for Option, Nov., Dec., Jan., Apr., May, Jun., Jul., Aug., Sep., Oct., Nov., Dec.

FT LONDON SHARE INFORMATION SERVICE

Fidelity International advertisement with logo and text: 'Invest in the Sunrise Economies'.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield.

Five to Fifteen Years

Table of funds categorized as 'Five to Fifteen Years'.

Over Fifteen Years

Table of funds categorized as 'Over Fifteen Years'.

Undated

Table of undated funds.

Index-Linked

Table of index-linked funds.

CORPORATION LOANS

Table of Corporation Loans.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans.

LOANS

Table of general Loans.

Public Board and Ind.

Table of Public Board and Industrial shares.

Financial

Table of Financial instruments.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails.

AMERICANS

Table of American stocks.

BEERS, WINES—Cont.

Table of Beers and Wines.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber, and Roads.

DRAPERY & STORES—Cont.

Table of Drapery and Stores.

ELECTRICALS

Table of Electricals.

ENGINEERING—Continued

Table of Engineering stocks.

INDUSTRIALS (Misc.)

Table of Industrial (Miscellaneous) stocks.

CANADIANS

Table of Canadian stocks.

BANKS, HP AND LEASING

Table of Banks, HP, and Leasing.

BEERS, WINES AND SPIRITS

Table of Beers, Wines, and Spirits.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics.

DRAPERY AND STORES

Table of Drapery and Stores.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc.

HOTELS AND CATERERS

Table of Hotels and Caterers.

FINANCIAL

Table of Financial instruments.

FINANCIAL

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FINANCIAL

Table of Financial instruments.

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INDUSTRIALS—Continued

Table of industrial stock prices including companies like British Airways, British Petroleum, and British Telecom.

LEISURE—Continued

Table of leisure stock prices including companies like British Airways, British Petroleum, and British Telecom.

PROPERTY—Continued

Table of property stock prices including companies like British Airways, British Petroleum, and British Telecom.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom.

OIL AND GAS—Continued

Table of oil and gas stock prices including companies like British Airways, British Petroleum, and British Telecom.

MINES—Continued

Table of mines stock prices including companies like British Airways, British Petroleum, and British Telecom.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades stock prices including companies like British Airways, British Petroleum, and British Telecom.

Commercial Vehicles

Table of commercial vehicles stock prices including companies like British Airways, British Petroleum, and British Telecom.

SHIPPING

Table of shipping stock prices including companies like British Airways, British Petroleum, and British Telecom.

SHOES AND LEATHER

Table of shoes and leather stock prices including companies like British Airways, British Petroleum, and British Telecom.

SOUTH AFRICANS

Table of South African stock prices including companies like British Airways, British Petroleum, and British Telecom.

TEXTILES

Table of textiles stock prices including companies like British Airways, British Petroleum, and British Telecom.

NEWSPAPERS, PUBLISHERS

Table of newspapers and publishers stock prices including companies like British Airways, British Petroleum, and British Telecom.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stock prices including companies like British Airways, British Petroleum, and British Telecom.

PROPERTY

Table of property stock prices including companies like British Airways, British Petroleum, and British Telecom.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices including companies like British Airways, British Petroleum, and British Telecom.

FINANCE, LAND, ETC

Table of finance, land, and other stock prices including companies like British Airways, British Petroleum, and British Telecom.

PLANTATIONS

Table of plantations stock prices including companies like British Airways, British Petroleum, and British Telecom.

INSURANCES

Table of insurance stock prices including companies like British Airways, British Petroleum, and British Telecom.

LEISURE

Table of leisure stock prices including companies like British Airways, British Petroleum, and British Telecom.

PROPERTY

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FINANCE, LAND, ETC

Table of finance, land, and other stock prices including companies like British Airways, British Petroleum, and British Telecom.

PLANTATIONS

Table of plantations stock prices including companies like British Airways, British Petroleum, and British Telecom.

Notes and additional information at the bottom of the page, including a disclaimer and contact information.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst. Mgrs. (a), British Gas Unit Trst. Mgrs. (a), and others, with columns for name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts under the FT Unit Trust Information Service, including names like British Gas Unit Trst. Mgrs. (a) and performance data.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts under the FT Unit Trust Information Service, including names like British Gas Unit Trst. Mgrs. (a) and performance data.

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FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts under the FT Unit Trust Information Service, including names like British Gas Unit Trst. Mgrs. (a) and performance data.

F.T. CROSSWORD PUZZLE No. 5551

- ACROSS
1 Whistler and German replace bond (6)
4 Communist gets depression in a new town (8)
10 Foremost mistake in the field? (5, 4)
11 If out of this, the doctor may help (5)
12 Enjoyed a mild cheese in here (4)
13 A criminal connection (10)
15 These days I sit becoming fat (7)
16 Going out to display book (6)
18 Certainly not out to act! (6)
21 Talking bears (7)
23 Earth grief (10)
25 Worry about being in this newspaper (4)
27 Butcher often does, seeing companion in east (5)
28 Single chap a gem to provide type of china (9)
29 New great show doesn't finish due to deficiency (8)
30 Make final payment for bench (6)
DOWN
1 Wren in the Services (9)
2 I'm on to R.A.F. manoeuvre (8)
3 Insane Greek character on the way up (4)
5 Investigate like Vespucci? (7)
6 Thwart underworld fix (10)
7 Levite raiment includes felt hat (5)

Crossword puzzle grid with numbers 1-30 indicating starting positions for the clues.

Solution to Puzzle No. 5550, showing the filled-in crossword grid.

Solution to Puzzle No. 5550, showing the filled-in crossword grid.

Solution to Puzzle No. 5550, showing the filled-in crossword grid.

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Solution to Puzzle No. 5550, showing the filled-in crossword grid.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds, including Liberty Life Assurance Co Ltd, National Provident Institution, and various international investment funds.

Table of money funds, including various international investment funds, offshore funds, and specialized equity and bond funds.

Table of bank accounts, including Money Market Bank Accounts and various international banking services.

OFFSHORE AND OVERSEAS

Advertisement for offshore and overseas services, mentioning various international investment and insurance options.

Money Market Trust Funds

Advertisement for Money Market Trust Funds, highlighting various investment options and performance metrics.

Money Market Bank Accounts

Advertisement for Money Market Bank Accounts, detailing various banking services and interest rates.

COMMODITIES AND AGRICULTURE

Ministers attack Dutch greenhouse subsidies

By Ivo Dawson in Luxembourg
THE DUTCH government came under attack last night when EEC farm ministers accused it of failing to eliminate preferential prices on gas used extensively for heating greenhouses.

EEC agrees aid level for olive oil

By Ivo Dawson
EEC farm ministers yesterday agreed to give the European Commission greater powers than it has to date to set the Community's olive oil industry.

Shortfall in tea supplies 'likely to continue'

THE RECENT pattern of shortfalls in world tea supply against demand is likely to continue, the International Tea Committee said in its latest statistical bulletin.

Canute James on discontent in Jamaica's aluminium industry Bauxite levy row still simmering

TEN YEARS ago, after several months of inconclusive talks with the North American companies involved in local bauxite mining and refining, the Jamaican Government unilaterally imposed higher taxes on the companies.

NZ in lamb barter deal

By Dai Hayward in Wellington
POLAND AND New Zealand are to proceed with a barter deal worth more than \$100 million (£17m), exchanging lamb for mining equipment, following the trial shipment of 600 tonnes of lamb carcasses to Poland.

MOJEST recovery in world 1984-85 linseed production to 2.51m tonnes, compared with 2.29m last season and 2.85m in 1982-83, will be insufficient to keep both linseed oil and meal up to par with 1983 levels, Oil World's Hamburg-based weekly newsletter said.

INDONESIAN production of natural rubber should rise to 1,107m tonnes this year, up from 1,070m in 1983, the official news agency, said.

Ivory Coast abandons unprofitable sugar schemes

By Michael Holman
TWO OF the Ivory Coast's six sugar complexes are to be converted to paddy rice, cotton, and seed production in order to reduce excess capacity and cut financial losses, the Government has decided.

More Cameroon cocoa forecast

WASHINGTON — Cameroon's 1984-85 October-September cocoa bean crop is forecast at 115,000 tonnes, Reuters

PRICE CHANGES

Table with columns: Commodity, Oct 23, + or -, Month ago. Includes Metals, Oils, and other commodities.

BRITISH COMMODITY PRICES

Table with columns: Commodity, a.m., + or -, p.m., - or -. Includes BASE METALS, COPPER, and other commodities.

AMERICAN MARKETS

Table with columns: Commodity, High, Low, Prev. Includes ALUMINUM, COFFEE, and other commodities.

WEEKLY METALS

Table with columns: Commodity, a.m., + or -, p.m., - or -. Includes High Grade, Tin, and other metals.

LONDON OIL

Table with columns: Crude Oil, Spot Prices, and other oil-related data.

GAS OIL FUTURES

Table with columns: Month, Year's day's + or -, Business Done. Includes gas oil futures data.

INDICES

Table with columns: Index Name, Oct 22, 1984, 1983, 1982, 1981, 1980. Includes various market indices.

REUTERS

Table with columns: Commodity, Oct 22, 1984, 1983, 1982, 1981, 1980. Includes Reuters commodity prices.

GOLD MARKETS

Gold rose \$1 an ounce from Monday's close in the London bullion market yesterday to \$338.34 per ounce.

LONDON FUTURES

Table with columns: Commodity, Month, Year's day's + or -, Business Done. Includes gold and other futures.

SILVER

Table with columns: Commodity, a.m., + or -, p.m., - or -. Includes silver prices.

WOOL FUTURES

Table with columns: Commodity, Oct 22, 1984, 1983, 1982, 1981, 1980. Includes wool futures data.

EUROPEAN MARKETS

Table with columns: Commodity, Oct 23, Oct 22, Oct 21, Oct 20, Oct 19. Includes European market data.

ALUMINIUM

Table with columns: Commodity, a.m., + or -, p.m., - or -. Includes aluminium prices.

COCOA

Table with columns: Commodity, a.m., + or -, p.m., - or -. Includes cocoa prices.

POTATOES

Table with columns: Commodity, a.m., + or -, p.m., - or -. Includes potato prices.

NEW YORK, October 23

Table with columns: Commodity, High, Low, Prev. Includes New York market data.

CHICAGO

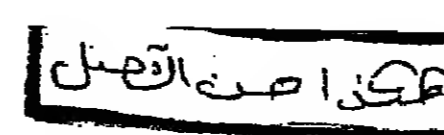
Table with columns: Commodity, High, Low, Prev. Includes Chicago market data.

REUTERS

Table with columns: Commodity, Oct 22, 1984, 1983, 1982, 1981, 1980. Includes Reuters commodity prices.

MEAT FUTURES

Table with columns: Commodity, High, Low, Prev. Includes meat futures data.





CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

FINANCIAL FUTURES

Sterling maintains firmer trend

Sterling improved in currency markets yesterday, helped by news of a reduction in Opec production levels and a maintenance of current tariffs. It failed to improve on Monday, but yesterday currencies however despite increased hopes of averting tomorrow's strike threat by UK supervisory miners.

Money market for the second day running, with Fed funds trading at 8 1/2 per cent, down 1 per cent from Monday.

The dollar's index fell from 143.8 to 141.6. D-MARK - Trading range against the dollar in 1984 is 3.1418 to 2.5333. September trade balance of 3,022.5 million dollars up 12.1 against 198.5 six months ago.

Eurodollars firm

Eurodollar and U.S. Treasury bond contracts were very firm on the London International Financial Futures Exchange. Both touched the highest levels yet recorded for the current delivery periods, with December Eurodollars rising to a peak of 89.51, before closing at 89.45 compared with the previous settlement of 89.27.

STERLING EXCHANGE RATE INDEX

Table showing Sterling Exchange Rate Index with columns for Oct 22, Oct 23, and Previous values for various denominations like 10000, 1000, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates with columns for Country, Unit, and % change from previous rate.

NEW YORK RATES

Table showing New York Rates for various currencies and bonds like U.S. Treasury Bonds, 30-year, 10-year, etc.

CHICAGO

Table showing Chicago market rates for U.S. Treasury Bonds, 30-year, 10-year, etc.

SPOT-SPOT FORWARD AGAINST POUND

Table showing spot and forward rates for the pound against various currencies like U.S., Canada, Netherlands, etc.

DOLLAR SPOT-SPOT FORWARD AGAINST DOLLAR

Table showing spot and forward rates for the dollar against various currencies like U.K., Ireland, Canada, etc.

OTHER CURRENCIES

Large table showing exchange rates for various international currencies including Argentina, Australia, Brazil, etc.

CURRENCY MOVEMENTS

Table showing movements and changes in currency values for various nations.

CURRENCY RATES

Table showing current currency rates for various countries like Germany, France, Italy, etc.

EXCHANGE CROSS RATES

Table showing cross rates between major currencies like Pound Sterling, U.S. Dollar, Deutsche Mark, etc.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency deposits like 3-month, 6-month, 12-month.

MONEY MARKETS

Interest rates continued to decline on the London money market yesterday, as sentiment was encouraged by the downward trend in U.S. rates and the improvement of sterling on the foreign exchanges.

London rates continue to ease

at 10 1/2 per cent; and Ebn bank bills in band 4 (64-61 days) at 10 1/4 per cent.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various terms like 1 month, 3 months, 6 months, etc.

MONEY RATES

Table showing money rates for various locations like Frankfurt, Paris, Zurich, etc.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table showing discount house rates for deposits and bills.

MONEY RATES

Table showing money rates for various currencies and terms.

MONEY RATES

Table showing money rates for various currencies and terms.

Advertisement for Rudolf Wolff & Co. Ltd. featuring a horse logo and text: 'Our reputation goes before us'. Includes contact information for London and New York.

Advertisement for COMEX SILVER OPTIONS. Text: 'COMEX SILVER OPTIONS - BUYING, WRITING, STRATEGIES'. Includes contact info for Plantation House, London.

Advertisement for Art Galleries. Text: 'Art Galleries'. Lists various galleries like Crane Kalkan Gallery, Fieldmore Galleries, etc.

Large advertisement for BNP Banque Nationale de Paris p.l.c. Features a large graphic of a horse and text: 'BNP Banque Nationale de Paris p.l.c. Representative for the North East: Mr. Maurice Maleh, 42 Park Place, Leeds LS1 2RY. Telephone: (0532) 443633, Telex: 556185 BNPLS'. Includes address for London and Manchester.

INTERNATIONAL CAPITAL MARKETS

Austrian domestic issue for Sch 2.5bn

By Patrick Blum in Vienna
DR FRANZ VRANTZKY, Austria's new Finance Minister, presented his first government bond issue yesterday and used the opportunity to reaffirm his commitment to revive the domestic capital market.

The Sch 2.5bn issue is the first to be placed in the market under the reduced rate of tax on bank interest and interest paid on securities. Dr Vrantzky said that he hoped the

Table with 2 columns: Issue, Price. Includes entries for Oct 23, High, Low.

tax reduction from 7.5 per cent to 5 per cent, along with carefully chosen pricing for this issue, would act as positive signals to the market.

The domestic capital market has been sluggish all year partly as a consequence of the tax which was introduced on January 1. It has resulted in better net yields from the D-Mark and dollar markets, encouraging investors to place their money abroad.

The new issue is divided into three tranches. The first, for six years at 8 per cent, sold at 98.75 for a net after-tax yield of 7.889 per cent. The second tranche, for eight years at 8.5 per cent, sold at 98.5 giving a gross yield of 8.589 per cent and a net after-tax yield of 8.163 per cent.

The third is for 15 years with a 10-year grace period at 8.5 per cent. This tranche is sold at 98.15 to provide a gross yield of 8.745 per cent, giving a net after-tax yield of 8.314 per cent.

Tight terms on Italy's \$1bn note

By MAGGIE URRY IN LONDON

ITALY'S jumbo \$1bn floating rate Euro note emerged yesterday, with Merrill Lynch as sole lead manager. The deal, won against competitive bidding, gives Italy close to the cheapest funds ever raised through the FRN market.

The issue will repay the "earthquake" loan taken out in 1981, which now costs Italy 1/4 per cent over London interbank offered rate (Libor). The yield on the FRN is only 1/4 per cent over the mean between London interbank bid and offered rates, and the front-end fees a tiny 14 1/2 basis points. These tight terms were something of a shock to the market, and some syndicate managers turned down offers of commitment. Merrill expects to announce a group of over 30 co-managers today.

There is demand for shorter-dated FRNs - this has a 10-year maturity with put options after five and seven years - since the market has been flooded with perpetual issues. The deal was quoted at a discount of 13 basis points to the par issue price.

The only other Eurodollar bond issue yesterday, was for the Japanese construction group, Hazama-Gumi, lead managed by Yamachi International (Europe).

Guaranteed by the Dai-Ichi Kangyo Bank, the \$50m deal has equity warrants with a five-year life - the same as the bond - to buy shares at an indicated 2 1/2 per cent premium to the share price. The expected coupon is 8 1/2 per cent. The bonds were snapped up and by the close were bid at 101.

Eurodollar bonds rose gain yesterday by up to 1/4 but were unable to keep up with the pace of the New York market. Dealers expected to

concentrate on only one-fifth of the total deal is advantageous to banks in that it limits their balance sheet commitment to \$60m rather than \$300m.

The overall facility will be used by BAT as a standby to back its U.S. commercial paper programme and for general financing needs. It incorporates a "swing line" which will allow BAT to draw on a same-day basis sufficient amounts to cover maturing U.S. commercial paper.

Peter Montagnon, Euromarkets Correspondent, writes: The European Investment Bank is asking major banks to subscribe to a \$250m ten-year loan facility to back up the issue of commercial paper.

This is believed to be the first borrowing of its kind to be undertaken by the EIB which normally

A new International Primary Market Association is being set up to put the work of the Association of International Bond Dealers' primary market consultative group on a more formal basis.

The first "revenue-sharing certificates" in Turkey's scheme to private the Bosphorus bridge to the private sector will go on sale on December 1, David Barchard writes from Ankara.

"A" certificates will have a life of three years and are expected to total an initial TL 5bn (\$12m). They will probably offer income of around 40 per cent.

A similar quantity of "B" certificates will have a five-year life and offer income of around 39 per cent. Both types will be tax-exempt and issued in denominations ranging from TL 20,000 to TL 1m.

\$300m BAT deal squeezes banks' margins

By MARGARET HUGHES IN LONDON

CHEAPER Euromarket borrowing through note issuance facilities has been taken a step further with the \$300m deal for BAT Industries for which Citicorp has been appointed lead manager.

The deal, which is a combined note facility and back up revolving stand-by credit, differs in two respects from other such deals. Banks will not receive the customary facility or underwriting fee on the note issue while the back-up credit amounts to only one-fifth - \$60m - of the \$300m facility.

Borrowers, including corporations, have been making increasing use of Euro note facilities because they are a cheaper source of funding than normal syndicated loans. As a result, banks are earning smaller profits on their Euromarket lending.

In this particular deal, however, the banks will not even be paid an underwriting fee on the note facility although they are committed to bidding for the notes as and when they are issued for the duration of the facility which is six years.

They are not committed to taking the notes, however, so given the open competition to bid on pricing they could, in theory, price themselves out of the bid.

In practice, however, banks wishing to retain their relationship with a major corporate borrower such as BAT are unlikely to take this option.

On the revolving credit, banks will earn a commitment fee of 10 basis points and if drawn the credit will bear a margin of 25 basis points above Eurodollar rates.

The fact that the credit facility

concentrates its fund-raising efforts to the fixed rate bond markets. Last year it was the fourth largest borrower in international bond markets, raising \$2,020m.

It has now, however, managed to win attractive conditions for its loan facility which will bear a commitment fee of only 1/4 per cent.

The EIB can use the facility to issue short term Euro notes but a back-up credit is available which is understood to bear interest at a margin of 15 basis points for the first five years, rising to 30 basis points for the next two and then to 25 basis points for the remaining three.

Goldman Sachs, which will be exclusive dealer in the commercial paper, is arranging the facility which will be subscribed by a club of five banks, each putting up \$50m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 23.

Large table of bond market data with columns for Country, Issue, Maturity, Yield, Price, etc. Includes sections for US Dollar, Swiss Franc, and Yen.

Advertisement for TK TRAVEL KEY. Text: 'How to cut the cost of business rail travel.' Includes image of a hand holding a key and a list of benefits: 5% OFF RAIL TRAVEL, 10% OFF HOTEL BILLS, 10% OFF TRAIN MEALS, 15% OFF CAR HIRE, CUTS PAPERWORK.

OVER-THE-COUNTER

Table of over-the-counter market data with columns for Stock, Sales, High, Low, Last, Chng. Includes sub-sections for Continued from Page 34 and YEN STRAIGHTS.